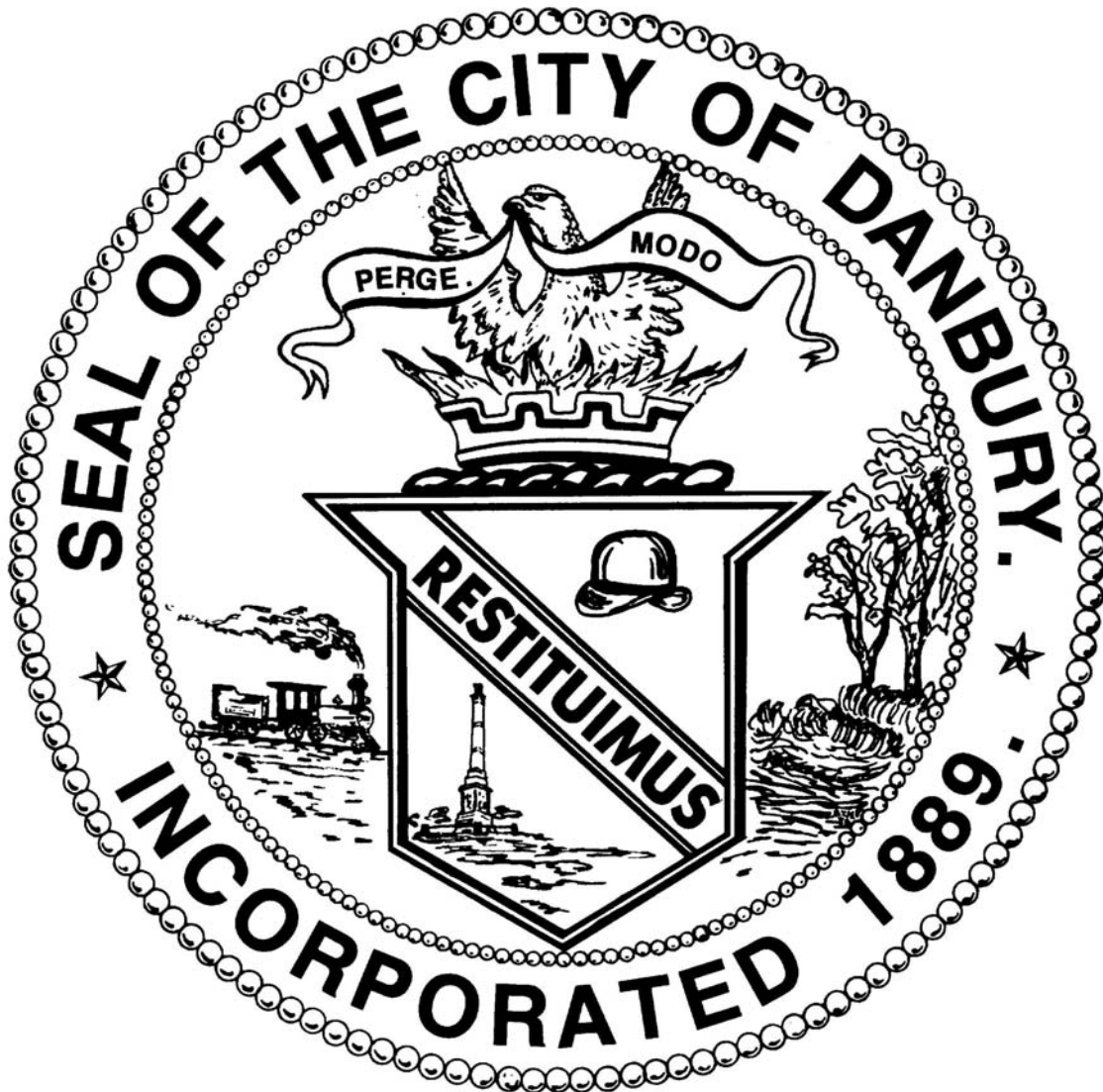


CITY OF DANBURY, CONNECTICUT  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2008  
DEPARTMENT OF FINANCE  
DANBURY, CONNECTICUT



CITY OF DANBURY,  
CONNECTICUT

Comprehensive  
Annual Financial Report

for

The Fiscal Year Ended  
June 30, 2008

*Prepared By:*

City of Danbury Department of Finance

---

David W. St. Hilaire  
Director of Finance



CITY OF DANBURY, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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## CITY OF DANBURY

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DAVID ST. HILAIRE  
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December 24, 2008

Honorable Mark D. Boughton, Mayor  
Members of the Common Council  
City of Danbury, Connecticut

### **FORMAL TRANSMITTAL OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)**

Connecticut State Statutes require that all general purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Danbury, Connecticut for the fiscal year ended June 30, 2008.

This report consists of management's representations concerning the finances of the City of Danbury, Connecticut. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Danbury has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Danbury's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Danbury, Connecticut's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Danbury, Connecticut's financial statements have been audited by McGladrey & Pullen, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Danbury, Connecticut for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a

reasonable basis for rendering an unqualified opinion that the City of Danbury, Connecticut's financial statements for the fiscal year ended June 30, 2008 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Danbury, Connecticut was part of broader state and federally mandated "Single Audits" designed to meet the special needs of federal and state grantor agencies. The standards governing the Federal and State Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the City of Danbury, Connecticut's separately issued Single Audit Reports.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Danbury, Connecticut's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE GOVERNMENT**

Danbury is the largest city in Northern Fairfield County. Transversed by I-84 and Route 7, and adjacent to I-684, Danbury is easily accessible to New York City, Hartford and Norwalk, all of which are within 60 miles.

According to the 2000 U.S. Census Bureau, Fairfield County is one of the five wealthiest counties in the United States and Danbury is one of the wealthiest cities. According to the U.S. Census Bureau, the City of Danbury has an estimated population of 79,226 (in 2007) and a median household income of approximately \$68,794 in 2006 (inflation-adjusted dollars).

The City was incorporated in 1889, and operates under a Charter that was last revised in November 1990. The Mayor appointed a nine member Charter Review Commission consisting of community residents and taxpayers to assist the Mayor and the Common Council in updating the City's Charter. A Mayor and a twenty-one member Common Council govern the City. The Mayor is the City's chief executive and the Common Council is the legislative body.

The City of Danbury's municipal government provides a full range of services including education, police, fire, planning and zoning, construction and maintenance of highway streets, storm/sanitary sewers and infrastructure, health and social services, parks and recreational activities, cultural events and a municipal airport. The City has a total of 2,137 employees with approximately 589 full-time municipal employees who provide services to the Danbury community and 1,548 teachers, administrators and support staff for the City's School District. The City is 44 square miles and has 238 miles of streets.

The City of Danbury has four component units, the Danbury Parking Authority, Richter Park Authority, Tarrywile Park Authority, and the Charles Ives Authority for the Performing Arts. Except for the recently established Charles Ives Authority, these authorities are reported as discrete component units as of June 30, 2008. Discretely presented component units are reported in separate columns in the entity-wide statements to emphasize that they are legally separate from the primary government and to differentiate their financial positions and results of operations from those of the primary government.

The annual budget serves as the foundation for the City of Danbury's financial planning and control.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. All governmental funds in the City of Danbury are appropriated on an annual basis. For the general fund, this comparison is presented on page 23 as part of the basic financial statements for the General Fund.

## INFORMATION USEFUL IN ASSESSING THE GOVERNMENT'S ECONOMIC CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local Economy:** Danbury's economy is diverse, with services, manufacturing and trade being the leading components. As of November 2008, total employment in the Danbury Labor Market Area (LMA) was 72,000 jobs, an increase of 800 over the same period in the prior year. Service providing industries added 1000 jobs while Leisure & Hospitality added another 100 jobs. However, these gains were offset by a decline of 300 jobs in retail trade.

While construction projects in many communities throughout our nation have been abandoned during this economic recession and severe crisis in the financial markets, Danbury has been fortunate that most previously planned construction projects will continue but perhaps more slowly than previously planned. The City's Permit Center recently contacted the developers of the major projects and has received assurances of their intentions and commitment to complete the projects. Applications have been submitted for new projects such as Bidel Pharmaceuticals, the Shops at Marcus Dairy and a 125 room Towne Place Suites by Marriott.

Some of the new projects include the expansion at Bidel, a specialty pharmaceutical company that develops novel formulations of FDA approved therapeutics to treat endocrine disorders such as diabetes and osteoporosis. Bidel expects to hire between 350-500 employees within the next five years. A couple of additional notable projects include: The Shops at Marcus Dairy which will transform the Marcus Dairy property on Sugar Hollow Road into a 90,000-square-foot retail center and the Prindle Lane project will include a 125-room TownePlace Suites by Marriott, a 40,000-square-foot office building and a 5,800-square-foot restaurant has been approved by the Planning Commission.

Danbury has hosted several prominent state and national events. The City has hosted the 2008 Connecticut Film Festival and will again host in 2009. The Film Festival attracted 4,132 individual visitors and yielded \$342,786 in direct spending to city businesses and \$617,015 in total economic impact and featured more than 120 independently created films from throughout the country. Most importantly, perhaps, it was the catalyst for opening the historic Palace Theater on Main Street for the first time in 13 years. Additionally, Danbury hosted the Nutmeg State Games, a 26-sport Olympics-style competition for 5,384 Connecticut youngsters. There were 446 team and 12 individual sports competitions. The Games yielded \$579,740 in direct spending in our city and \$1,043,532 in total economic impact. The Nutmeg Games will return in 2009 for the second year of a potential three-year stay. The American Junior Golf Association was also attracted to Danbury for its nationally recognized golf course and brought one of its five national 144-player tournaments to the City's Richter Park Golf Course. It yielded \$166,000 in economic impact.

The development of the former Union Carbide site is underway. Additional sewer capacity has been extended to the site and designs/site plans are being prepared for the residential component of the project. Four hundred and sixty six residential units have been approved, the sales and design center is complete, and two other phases totaling 685 residential units are in the approval process. The master plan for the site includes 2,164 housing units, 35,000 square feet of retail and community uses, and 1.1 million square feet for commercial use. Several corporations have already expressed interest in relocating to the new complex including Berkley Holdings – a data recovery center which is in the planning stage for a 90,000 square foot facility. When completely built-out in 2014, the development is expected to add \$515 million to the City's grand list, generating approximately \$12.5 million in new tax revenue. Although we have received assurances that the project is still progressing and is expected to meet its target completion date of 2014, there has been some strategic slowdown due to the recession and current economic factors.

Boehringer Ingelheim, a pharmaceutical company headquartered in the Danbury area, and with a major presence in the City of Danbury, intends to continue its major expansion of its facilities in the future. In recent years, Boehringer has invested \$140 million into their facilities which added a new Kilo Lab, Physical Sciences Building, and expanded the main building by 4,500 square foot. Such expansion has created 860 new professional jobs. As part of this expansion, Boehringer Ingelheim signed a ten-year lease in 2002 for 229,000 square feet of space in Danbury, which houses its medical department and support functions. Construction on the leased space was completed and approximately 650 employees are occupying this space. There are future plans for a \$500 million building project for new laboratories to support research and development in the immunological, inflammatory and cardiovascular areas which is expected to create 750- 900 new jobs. The State of Connecticut has already committed \$3.0 million to the project to assist with infrastructure improvements related to the expansion. This portion of the project is currently under design.

MannKind Bio Pharmaceuticals Corporation completed a \$200 million expansion project in September 2008 which added 300,000 square foot to an existing building that will be used for the production of a new insulin drug and dispenser. The corporation anticipates obtaining FDA approval of the new drug in early 2009 which will result in the creation of 400-600 new jobs.

The Shelter Rock Business Center has completed a 40,000 square foot expansion and renovation that includes office, manufacturing and warehouse space. An additional 80,000 square foot expansion has also been approved and is awaiting a tenant to build to suit.

In the downtown area, several development projects are planned or are underway that support the revitalization of Danbury's central business district. The first project opened in late 2007 and has brought 115 private housing for college students to downtown. The second project for about 500 units is anticipated to begin construction in 2010. The developer's application for a special exception has been approved for this project and has also received approval by the State Traffic Commission. The introduction of market rate housing to the downtown will result in additional retail and commercial development to complement this residential development. Additional projects include streetscape improvements along North Main, South Main, West and White Streets, all of which will encourage pedestrian traffic in the central business district. To promote and continue the revitalization efforts, the Main Street Renaissance Task Force is developing a master plan for the downtown area.

The State of Connecticut remains committed to Western Connecticut State University, which has its two campuses in the City of Danbury. Completed projects include a \$48 million Science Building, a \$12.6 million parking garage on the Midtown campus, and a \$17.9 million Student Center on the Westside campus. Also on the Westside Campus, \$127 million of construction projects are planned for such initiatives as a new residence hall, parking garage, and a Center for the Arts, and are expected to be completed within the next five years. The acquisition of the Roberts Avenue School will expand the Midtown campus by six acres and allow for continued growth of the University. Additionally, the flow of investment in the University continues with one of the original Midtown university buildings, now considered historic, being completed renovated by 2010. When these renovation and expansion projects are complete, a total of \$194 million will have been invested in the Danbury community for the State University. These projects demonstrate the University's strong commitment to building on the educational successes in the Danbury area.

Danbury Hospital, the City's largest employer with approximately 3,000 employees continues to expand its services and has been the recipient of several accreditations and designations. Year after year, Danbury Hospital continues to be ranked in the top 5% of hospitals for their health care services and facilities and has been given special recognition by HealthGrade in each of the last three years. The hospital was also recognized in 2006 by Solucient as one of the top 100 hospitals citing better patient safety, shorter length of stay and lower mortality rates than other teaching hospitals in its peer group. In addition, the hospital was awarded full approval status as an accredited center for weight loss surgery. This accreditation places Danbury Hospital as the only center in Connecticut, and one of only two nationally to earn A1 status from the American College of Surgeons. In 2005, Danbury Hospital was granted certification by the State of Connecticut to provide advanced cardiac care services to include open-heart surgery and has since created the Praxair Regional Heart and Vascular Center. The hospital's non-invasive vascular laboratory has received accreditation in all five areas of vascular testing. This designation places the lab in the top two percent in the country for testing for vascular disease. Additionally, construction was completed in 2007 on a 60,000 square foot out-patient diagnostic center. The center includes surgical offices, ultrasound, imaging & radiology, and cardiology testing. The relocation of these services resulted in more patient beds in the main facility. The new facility also includes a new parking structure with 650 spaces.

To date, the economic impact of the recession has been realized more quickly and severely in many other geographical areas of the country than in the State of Connecticut and in the City of Danbury. However, most notable impact of the recession for the City has been realized by the decline of the building permit activity and associated revenues during the second half of our fiscal year (January – June 2008). Although this trend continues into the 8/09 fiscal year, much of the decline was expected and budgeted accordingly. While the national and state unemployment rate as of October 30, 2008, were 6.5% and 6.1%, respectively, the unemployment rate for City of Danbury's remains significantly lower at 5.0%. The Danbury Labor Market Area (LMA) which includes the Greater Danbury Area posted an unemployment rate of 5.0%, the lowest of all the LMA's in the State of Connecticut.

Retail sales in Danbury continue to rank as one of the highest in the State of Connecticut which can be attributed to the popular Danbury Fair mall, which is one of the largest in New England. The mall, which totals 1.5 million square feet offers more than 200 shops and services, is a destination place for many residents on the East Coast. The owners of the Mall, the Macerich Company, has completed the first phase of their renovations with a \$180 million investment in improvements that included new stone and porcelain flooring, new lighting fixtures, and stained-wood accents. Additionally, the Danbury Fair mall is actively negotiating with a prospective new tenant to fill the vacated space which they purchased from May's Department Stores in July 2006 for \$11 million.

The City continues to enjoy strong credit ratings and received an upgrade this year to AA+ by Standard & Poors. All three rating agencies cite the City's diverse tax base and continued development and job growth in Danbury. Moody's Investor's, Standard and Poors, and Fitch Ratings have rated the City as Aa2, AA+, and AA+ from respectively.

### **Major Initiatives**

Listed below are some of the more notable initiatives that have been undertaken in the current fiscal year. Several on-going projects which will continue into Fiscal Year 2008-2009 at cited as well.

- ◆ **Open Space Bond -** In March 2008, voters approved \$18.9 million for open space acquisitions, improvements to Danbury High School, various recreation projects and public works improvements and equipment.

**Open Space initiatives -** \$6.625 million of the bond authorization will be used for the purchase of land, easements, and developmental rights for open space preservation, recreation, conservation, or agricultural land preservation. Several parcels throughout the City were previously identified and efforts to acquire the land, easements or developmental rights are underway.

**Danbury High School Improvements -** The \$2.9 million of improvements to Danbury High School include the installation of a sprinkler system for "D" building to enhance student safety, renovations to bring the building into compliance with current fire safety codes and providing funds to aid in reorganizing school space as needed. The funds are also to be used to bring the Danbury High School in compliance with ADA requirements. The majority of the costs for the Danbury High School improvements are eligible for state aid school construction grant reimbursement (approximately 50%).

**Recreation Improvements -** The City is committed to enhancing our residents' quality of life for the entire family and has previously invested approximately \$3.5 million in parks and playgrounds throughout the City. Projects recently completed include construction of a Rogers Park field, the design to rebuild/recondition baseball fields, construction of two spray parks, beach improvements at Candlewood and Kenosia parks, and the replacement of playground equipment. The additional \$4.935 in funds from this bond authorization will be used for various recreation improvements, planning and development that includes the installation of two multipurpose artificial fields at Rogers and Kenosia Parks, drainage and field improvements to Rogers Park fields, feasibility study for Kenosia Swamp Boardwalk and bird viewing area, sprayscape for Lake Kenosia Park and the planning/development of the Marjorie Trail system.

**Paving, Drainage and Related Improvements -** \$3.34 million of the bond authorization will be used for the repair, rebuilding, paving and other miscellaneous work on City streets and properties. Improvements throughout the city will include drainage, easement acquisition (where necessary), cross culvert repair and replacement, curbing, guardrail, resurfacing, lighting, installation of sprinklers in medians and islands, and thoroughfare beautification to Main Street, Kennedy Park and Plumtrees Road. The remaining \$1.1 million of the bond authorization will be used to replace and/or add to the equipment used by the various divisions of the Public Works Department of the City of Danbury. Equipment will include trucks, sanders, plows, graders, sweepers, rollers, tractors, mowers and Public Works vehicles.



- ◆ **Western Connecticut Academy of International Studies** – The State of Connecticut selected Danbury as the home of a magnet school that focuses on international studies and related cultures. The operational plan envisions a multinational educational adventure through the use of technology, the arts, and the promotion of world languages. The Academy serves 360 students in grades K-5, and includes students from New Fairfield, Newtown and Redding. The school was constructed on the Westside campus of Western Connecticut State University and opened for the 2006/2007 school year. The construction was primarily funded by the State of Connecticut.
- ◆ **Middle School Construction Projects** – In 2007, the City completed a \$7.4 million renovation project at Broadview Middle School. Renovations included additional classroom space, a new auditorium and music classrooms, and the expansion of the cafeteria, gymnasium media center and locker rooms. The city also completed a \$7.5 million renovation project at Rogers Park Middle School that included additional classroom space and renovations to the cafeteria, auditorium, media center, gymnasium, science labs, bathrooms, and roof work.
- ◆ **Roberts Avenue Replacement School**– As part of its expansion plans, Western Connecticut State University purchased the Roberts Avenue Elementary School located adjacent to its campus. The groundbreaking ceremony for this project was in July 2007, and plans are to move into this building before September 2009. The total cost of this project is approximately \$20.6 million.
- ◆ **New Head Start Facility**- The City purchased the Immanuel Lutheran School for a new Head Start Program. The design stage of converting the building into a new school is complete. The project has been out to bid for its construction and is currently being evaluated. By creating this new facility, the City will gain twelve additional classrooms in its various elementary schools which will allow for the introduction of all day kindergarten. The project has been approved by the State of Connecticut and the City Buildings Department.
- ◆ **Downtown Parking Garage**- In May 2006, the voters approved \$6.6 million for the construction of a new parking garage in the City's central business district, in addition to the \$5 million approved by the voters in a prior referendum. The garage was completed under budget and opened for business in November 2007. The garage holds 385 vehicles and provides additional parking to the City's downtown.
- ◆ **New Public Safety Facilities**– In May 2006, voters approved \$49.2 million for various projects which included funding for school improvements, various public works projects and public safety related projects such as the purchase of new fire equipment (\$1.7 million), the construction of a new fire station (\$1.7 million) and police headquarters (\$39 million). The City has acquired all of the property on North Main Street, completed demolition, and had the groundbreaking ceremony in August 2007. The transition into the new police station is expected to be in April 2009. The new fire station, Engine 26, was completed in September 2007. This fire station is located on the City's west side near the Danbury Mall and Boehringer Ingelheim facilities and provides enhanced fire protection in that area. The redesign of the citywide emergency communication system is underway and expected to be completed in 2009.

- ◆ **QAlert311-** Danbury is one of only 20-30 cities that offer 311 dialing for citizen interaction. The City's QAlert311 initiative and web site, which was introduced in spring 2007, has received national recognition and sets the benchmark for constituent services for other municipalities. It has proven to be a positive contribution that has significantly enhanced the responsiveness to citizen issues on a daily basis.
- ◆ **Water & Sewer Facility Improvements** – Since 2005, the voters have approved \$18.5 million for various improvements to the City's water and sewer facilities. The city has replaced nearly all of the water meters and implemented the radio read system. A two million gallon water storage tank to better serve the high service needs on the west side of Danbury is nearly complete. The West Side Sewer Interceptor project design was completed in the fall of 2008. The nitrogen removal facilities are expected to be constructed and operational by September 2009. This project will significantly reduce the annual purchase of nitrogen credits from the DEP. These are the first major capital improvement programs for these facilities in several years.

### **Risk Management**

The City has a comprehensive Risk Management Program designed to measure and control exposure to financial loss resulting from claims against the City. Such claims have been reduced as a direct result of promoting training and extensive safety initiatives which are customized for each functional area. The program includes the purchasing of all insurances for the City such as worker's compensation, property and liability, disability, dental, life and health insurance. The Risk Manager is also responsible for purchasing employee bonds for various positions as required by State statutes. Since the establishment of this position, the City has been able to reduce insurance costs or increase its insurance coverage at no additional cost in many instances.

The City self-insures up to certain levels of risk based on an evaluation of the City's financial capability to assume risk and prevailing market conditions for commercial insurance. Presently, the City is self-insured for the first \$100,000 per claim for general, auto, property and public liability. The City also maintains a \$750,000 combined aggregate stop loss on these lines of coverage. The Risk Management Department also manages worker's compensation and heart and hypertension claims. The City is self-insured for the first \$500,000 per claim and maintains an aggregate stop loss on these worker's compensation claims of \$3 million. The City is fully self-insured for all heart and hypertension liability. Employee medical benefits are fully insured, except for prescription drug coverage and dental coverage which are self insured.

### **Debt Management**

At year-end, the City had outstanding \$125,340,000 in general obligation bonds, \$14,106,314 outstanding in notes, \$66,080,000 in Bond Anticipation Notes and had \$107,910,090 in authorized but unissued debt.

## AWARDS AND ACKNOWLEDGEMENTS

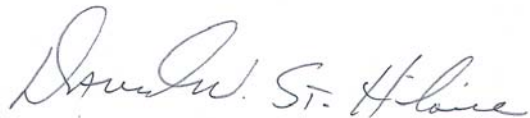
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Danbury, Connecticut for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Danbury has received a Certificate of Achievement in each of the last 21 fiscal years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the dedication and hard work of the entire staff of the Finance Department. I would like to express my appreciation and gratitude to all members of the Department who assisted and contributed to its preparation. I also appreciate the assistance and dedication of the audit team from McGladrey and Pullen, LLP. Finally, I would like to thank the Mayor and the Common Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "David W. St. Hilaire". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

David W. St. Hilaire  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Danbury  
Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director

**Principal Officials  
City of Danbury, Connecticut**

**Mayor**

Mark D. Boughton

**Town Clerk**

Lori A. Kaback

**Treasurer**

Daniel P. Jowdy

**City Clerk**

Jean Natale

**Common Council**

Joseph A. Cavo  
President

Robert F. Arconti  
Michael J. Calandrino  
Benjamin Chianese  
Philip Curran  
N. Jane Diggs  
John J. Esposito  
James H. Johnson  
Jack Knapp  
Warren M. Levy  
Louise P. McMahon

Shailesh Nagarseth  
Duane E. Perkins  
Robert T. Riley  
Paul Rotello  
Gregg W. Seabury  
Colleen A. Stanley  
Thomas J. Saadi  
Mary Teicholz  
Charles J. Trombetta  
Frederick L. Visconti, Jr.

David W. St. Hilaire  
Director of Finance

Daniel G. Garrick  
Asst. Director of Finance

Scott Ferguson  
Tax Collector

Colleen LaHood  
Tax Assessor

Charles Volpe  
Purchasing Agent

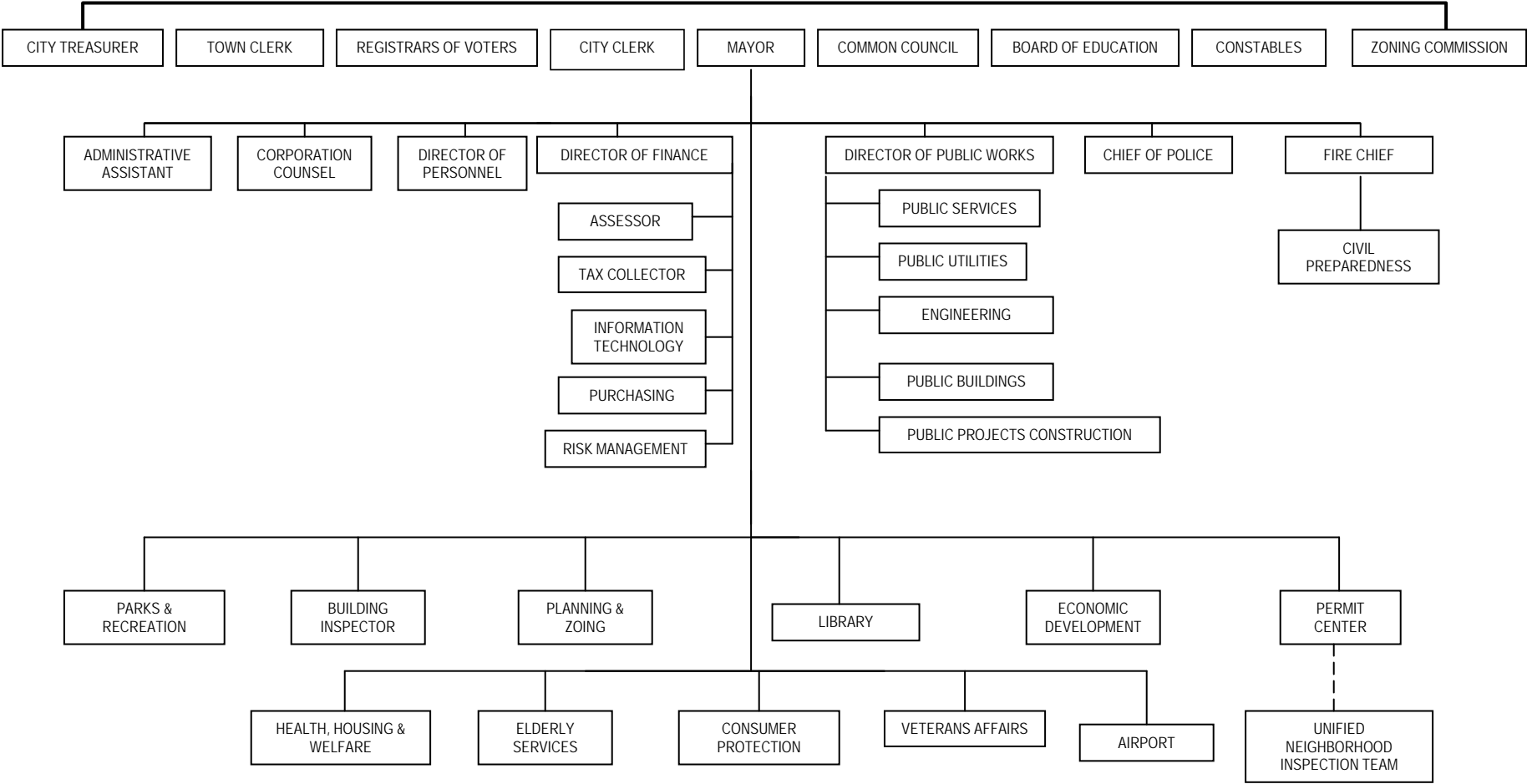
Wade Anderson  
Manager, Info Technology

**Independent Auditors**

McGladrey & Pullen, LLP  
New Haven, Connecticut

**CITY OF DANBURY  
ORGANIZATION CHART**

VOTERS ELECT









## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the Common Council  
City of Danbury, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Danbury, Connecticut (the "City"), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Danbury, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Danbury Parking Authority, the Stanley L. Richter Memorial Park Authority and the Tarrywile Park Authority, component units of the City, which financial statements reflect 100% of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to amounts included for the Danbury Parking Authority, the Stanley L. Richter Memorial Park Authority and the Tarrywile Park Authority, discretely presented component units of the City, is based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Danbury Parking Authority, the Stanley L. Richter Memorial Park Authority and the Tarrywile Park Authority, discretely presented component units of the City, were not audited in accordance with "Government Auditing Standards." An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the reports of other auditors, provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Danbury, Connecticut, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 12 to the basic financial statements, the City adopted GASB Statement No. 45 as of July 1, 2007.

As explained in Note 4, the Pension Trust Fund includes investments valued at \$74,778,199 (29% of net assets), whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or general partners.

In accordance with "Government Auditing Standards," we have also issued our report dated December 29, 2008 on our consideration of the City of Danbury, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance and other matters. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

The management discussion and analysis on pages 3 through 14 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, budgetary detail, combining and individual nonmajor fund statements, capital asset schedules, other schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary detail, combining and individual nonmajor fund statements, capital asset schedules and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*McGladrey & Pullen, LLP*

New Haven, Connecticut  
December 29, 2008

**City of Danbury, Connecticut**  
**Management's Discussion and Analysis**  
**June 30, 2008**

As management of the City of Danbury, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Danbury for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal.

**Financial Highlights**

- ♦ At the end of the current fiscal year, unreserved fund balance increased by \$0.4 million to \$21.8 million for the general fund while the total fund balance amounted to \$27.0 million, a decrease by \$1.3 million. Unreserved general fund balance at year-end represents 10.8% of the ensuing year's total general fund expenditures of \$202.3 million.
- ♦ On a government-wide basis for the year-ended, the City's net assets totaled \$281.0 a slight decrease from last year's total of \$281.2 million. Government-wide expenses totaled \$256.9 million and revenues totaled \$256.7 million. Total net assets for Governmental Activities and Business-Type Activities at fiscal year-end were \$155.4 million and \$125.5 million, respectively. Net assets for Governmental Activities decreased by \$8.4 million or 5.1% while Net assets increased for Business-Type Activities by \$8.2 million or 6.9%. Of the City's total net assets at June 30, 2008, \$28.3 million or 10.0% is unrestricted and may be used to meet the government's obligation to citizens and creditors.
- ♦ At the close of the year, the City of Danbury's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$19.5 million, a decrease of \$15.6 million from the prior fiscal year. The net change is primarily due to \$30.3 million in reductions to encumbrances, special revenue fund, and future appropriations and a decrease of \$9.8 in the capital projects fund.
- ♦ The City of Danbury's total debt increased by \$55.1 million for public improvement projects in Sewer/Water (\$11.1 million), Public Safety (\$30.5 million), Education (\$4.0 million) and open space initiatives (\$6 million). The new debt results from the City's on-going capital program and the necessity to finance such programs through debt.

**Overview of the Financial Statements**

This discussion and analyses are intended to serve as an introduction to the City of Danbury's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains other supplementary information as well as the basic financial statements.

## Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Danbury's finances, in a manner similar to private-sector business. All of the resources the City has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the City's overall financial status.

The statement of net assets presents information on all of the City of Danbury's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the city is improving or deteriorating. It speaks to the question of whether or not, the City, as a whole is better or worse off as a result of this year's activities. However, substantial changes in Net Assets may occur from one year to the next simply as a result of new accounting standards issued by GASB (Governmental Accounting Standards Board) i.e. Other Post Employee Benefits (OPEB – GASB 45). Other non-financial factors will need to be considered, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal period, uncollected taxes and earned but unused vacation leave are examples.

Both of the government-wide financial statements distinguish functions of the City of Danbury that are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

- ♦ Governmental activities of the City of Danbury encompass most of the City's basic services and include general government, public safety, public works, health and welfare, culture and recreation, education and other activities. Property taxes, charges for services and state and federal grants finance most of these activities.
- ♦ Business-type activities of the City of Danbury include the Water, Sewer, and Internal Service funds. The Water and Sewer Funds are reported here as the City charges a fee to customers to help cover the cost of the operations. The Internal Service Fund is a new fund created to report the activity of providing employee benefits.
- ♦ The government-wide financial statements include not only the City of Danbury itself, but also three legally separate component units, the Danbury Parking Authority, the Richter Park Authority and the Tarrywile Park Authority for which the City of Danbury is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 16-19 of this report.

## Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. The City of Danbury, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Danbury can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Danbury maintains 27 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Other funds considered to be Major Funds are Sewer, Water, Internal Service, Public Safety Bond, and Open Space Bond. Non-major governmental funds are combined into a single, aggregated presentation as other governmental funds. Such funds include the School Lunch Program Fund, the Community Development Block Grant Fund, the WIC Grant Fund, the Continuing Education Fund, the Animal Control Fund, the School-Based Health Center Grant Fund, the Ambulance Fund, the LOCIP Fund, Airport Projects Fund, State and Federal School Projects Fund, the Library Fund, the Railyard Parking Lease Fund, Library Place Parking Garage Fund, Century 21 PI Fund, Magnet School Fund, Miscellaneous Special Revenue Fund, the Vision 21 and Vision 21 – 2 Bond Issues Fund, the City Projects Fund, the Danbury Neighborhood Bond Fund, the Head Start Bond Fund and the Farioly Permanent Fund. The Miscellaneous Special Revenue Fund is the consolidation of 47 small grant programs that have been combined for the purposes of financial reporting. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 20-21 of this report.

The City of Danbury adopts an annual appropriated budget for its general fund. A budgetary comparison statement on page 23 has been provided for the general fund to demonstrate compliance with the authorized budget.

**Proprietary funds.** The City of Danbury maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Danbury uses enterprise funds to account for its Water, Sewer, and Internal Service operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Internal Service Funds, all of which are considered to be major funds of the City of Danbury.

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to provide services to the City constituency. The City has six pension funds trust funds, one private purpose fund and six agency funds. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

### **Notes to the Financial Statements.**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-77 of this report.

The notes to this report also contain certain information concerning the City of Danbury's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found in the notes to the financial statements.

### **Government-wide Financial Analysis**

As noted earlier, the statement of net assets presents information on all of the City of Danbury's assets and liabilities, with the difference reported as net assets. In the case of the City of Danbury, assets exceeded liabilities by \$281 million at June 30, 2008, a decrease of \$245,000 in Net Assets from the previous fiscal year.

	June 30, 2008			June 30, 2007		
	Primary Government			Primary Government		
	Governmental	Business-type		Governmental	Business-type	
	Activities	Activities	Total	Activities	Activities	Total
Current and other assets	\$ 85,493	\$ 27,521	\$ 113,014	\$ 64,514	\$ 12,811	\$ 77,325
Non-current	3,989	549	4,538	4,539	5,751	10,290
Capital assets	266,612	158,356	424,968	237,385	153,325	390,710
<b>Total Assets</b>	<b>356,094</b>	<b>186,426</b>	<b>542,520</b>	<b>306,438</b>	<b>171,887</b>	<b>478,325</b>
Current liabilities	54,974	18,773	73,747	20,855	12,426	33,281
Long-term liabilities outstanding	145,686	42,124	187,810	121,753	42,083	163,836
<b>Total Liabilities</b>	<b>200,660</b>	<b>60,897</b>	<b>261,557</b>	<b>142,608</b>	<b>54,509</b>	<b>197,117</b>
Net assets:						
Invested in capital assets, net						
of related debt	140,360	110,836	251,196	140,826	101,853	242,679
Restricted	1,394	-	1,394	1,399	-	1,399
Unrestricted	13,680	14,693	28,373	21,605	15,525	37,130
<b>Total Net Assets</b>	<b>\$ 155,434</b>	<b>\$ 125,529</b>	<b>\$ 280,963</b>	<b>\$ 163,830</b>	<b>\$ 117,378</b>	<b>\$ 281,208</b>

At the end of the current fiscal year, the City of Danbury is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

On a government-wide basis excluding component units, the assets of the City of Danbury exceeded its liabilities resulting in total net assets at the close of the fiscal year of \$281.0 million. This is slightly down from last year's net assets of \$281.2 million. Total net assets for Governmental Activities at fiscal year-end were \$155.4 million (down from \$163.8 million in the previous year) and total net assets for Business-type activities were \$125.5 million (up from \$117.4 million in the previous year). Of the City's total net assets at June 30, 2008, \$28.3 million or 10.0% is unrestricted and may be used to meet the government's on-going obligations to citizens and creditors. This compares with last year's total unrestricted net assets of \$37.1 million or 13.2% unrestricted.

By far the largest portion of the City of Danbury's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Danbury uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Danbury's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Year Ended June 30, 2008			Year Ended June 30, 2007		
	Primary Government			Primary Government		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 13,929	\$ 18,232	\$ 32,161	\$ 21,290	\$ 20,101	\$ 41,391
Operating Grants and Contributions	64,891	-	64,891	42,152	-	42,152
Capital Grants and Contributions	1,607	6,156	7,763	3,171	2,085	5,256
Donated capited assets	-	-	-	397	-	-
General Revenues:						
Property Taxes	140,196	-	140,196	136,345	-	136,345
Grants and contributions not restricted to specific programs	7,205	-	7,205	7,542	-	7,542
Unrestricted investment earnings	3,760	714	4,474	3,387	697	4,084
<b>Total Revenues</b>	<b>231,588</b>	<b>25,102</b>	<b>256,690</b>	<b>214,284</b>	<b>22,883</b>	<b>237,167</b>
<b>Expenses:</b>						
General Government	13,962	-	13,962	12,303	-	12,303
Public Safety	48,028	-	48,028	41,643	-	41,643
Public Works	21,667	16,951	38,618	14,734	15,076	29,810
Health and Welfare	6,180	-	6,180	4,431	-	4,431
Culture and Recreation	5,490	-	5,490	4,925	-	4,925
Education	139,539	-	139,539	122,427	-	122,427
Other	-	-	-	40	-	40
Interest on long-term debt	5,118	-	5,118	3,086	-	3,086
<b>Total Expenses</b>	<b>239,984</b>	<b>16,951</b>	<b>256,935</b>	<b>203,589</b>	<b>15,076</b>	<b>218,665</b>
<b>Extraordinary Item:</b>						
State teachers on behalf payments	(35,392)	-	(35,392)			
State teachers on behalf revenue	35,392	-	35,392			
<b>Change in net assets</b>	<b>(8,396)</b>	<b>8,151</b>	<b>(245)</b>	<b>10,695</b>	<b>7,807</b>	<b>18,502</b>
<b>Net assets – beginning</b>	<b>163,830</b>	<b>117,378</b>	<b>281,208</b>	<b>153,135</b>	<b>109,571</b>	<b>262,706</b>
<b>Net assets - ending</b>	<b>\$ 155,434</b>	<b>\$ 125,529</b>	<b>\$ 280,963</b>	<b>\$ 163,830</b>	<b>\$ 117,378</b>	<b>\$ 281,208</b>

## Government Activities

For Governmental activities, approximately 60.6% of the revenues were derived from property taxes followed by 34.7% from program revenues, then 1.6% from investment earnings, and 3.1% of the City's revenue in this fiscal year was derived from unrestricted grants.

Total revenues in Governmental Activities increased \$17 million over last year primarily due to the impact of the grants received for operations and various capital projects for School (\$11.0 million) and Public Works (\$1.0 million) and property tax revenue (\$3.8 million).



Other major revenue factors included:

- ♦ Property tax revenues recorded for fiscal year 2008 reflect growth in the total assessed value of property of 2.9%, causing actual property tax revenues to grow by \$3.9 million or 2.8%.
- ♦ Investment Income earnings increased by \$0.4 million primarily due to more cash on hand to invest and an improved interest rate environment for a portion of the year.

For Governmental Activities, about 58.2% of the City's expenditures relate to education, 20% relate to public safety, 9.0% for public works, 5.8% for general government, 2.3% for cultural and recreation, 2.6% for health and welfare, 2.1% for interest on long-term debt. GASB 45 required the City to record an additional \$3.8 million liability for Other Post Employment Benefits (OPEB) cost for all functions directly reducing the Net Assets. Also during this past year, the School entered into a performance contract anticipating a significant reduction in energy costs for many years. This lease purchase arrangement with Honeywell amounted to an addition \$4.0 million in liability and a reduction of net assets.

Major expenditure factors included:

- ♦ Education expenditures increased by a total of \$17.1 million: (\$5.8 million) annual budget increase, (\$1.5 million) increased retirement costs, (\$3.6 million) state and federal projects, (\$1.3 million) Magnet School, (\$2.0 million) depreciation, School Lunch program (\$0.4 million)
- ♦ Expenditures for Public Safety increased by \$6.4 million: (\$0.8 million) annual budget increase, (\$2.3 million) Other Post Employment Benefits (OPEB), (\$0.8 million) insurance costs, and (\$1.0 million) depreciation.
- ♦ Expenditures for Public Works increased \$7.0 million primarily due to costs associated with capital project expense.

### **Business-Type Activities**

Business-Type activities increased the City's net assets by \$8.2 million, an increase of 6.9% from the prior fiscal year. Factors impacting the growth include:

Charges for services decreased by \$1.9 million, or 9.3% from the prior year, and contributed capital totaled \$6.2 million, an increase of \$4.1 million from the prior fiscal year. Expenditures increased by about 12.5%.

### **Financial Analysis of the Fund Financial Statements**

As noted earlier, the City of Danbury uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Danbury's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Danbury's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Danbury's governmental funds reported combined ending fund balances of \$19.5 million. The General Fund and Other Governmental Funds reported fund balances of \$27 million and negative \$7.5 million, respectively. Collectively, the fund balances for capital projects decreased by \$9.8 million from \$0.1 million last year to a negative \$9.7 million at 6/30/08. The decrease in capital projects fund balance is primarily due to two new major funds, Public Safety Bond and Open Space, which had negative fund balances at June 30, 2008 of \$8.6 million and \$1.2 million, respectively.

The general fund is the chief operating fund of the City of Danbury. At the end of the current fiscal year, unreserved fund balance of the general fund increased by \$0.4 million to \$21.8 million while total fund balance reached \$27. Approximately \$21.8 million of the general fund's total fund balance constitutes unreserved fund balance which is available for spending at the government's discretion. The remaining \$5.2 million of the General Fund balance is not available for new spending and has been reserved to liquidate contracts/purchase orders of the prior period (\$2.2 million) and for future budget appropriations (\$3.0 million). As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures for the ensuing year's budget. Unreserved fund balance represents 10.8% of total general fund expenditures while total fund balance represents 13.3% of that same amount.

The fund balance of the City of Danbury's general fund on a budgetary basis, decreased by \$1.4 million during the current fiscal year. Key factors in this decrease are as follows:

- ♦ \$1.2 million in OPEB reserved last year was expensed this year.
- ♦ \$615,000 reduction in the planned use of fund balance for the ensuing year's budget.
- ♦ \$443,000 reduction due to the authorized use of fund balance through Council resolution.

**Proprietary funds.** The City of Danbury's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets of the Water Fund at the end of the year were \$65.9 million. The fund generated operating income during the year of \$2 million, a decrease of approximately \$600,000 from the prior year. Capital contributions totaled \$4.7 million, resulting in the fund increasing its net assets by \$6.2 million. Unrestricted net assets totaled \$12.2 million at year-end.

Net assets of the Sewer Fund at the end of the year were \$59.6 million. The fund generated operating income of \$1.2 million. An increase in capital contributions helped to increase the fund's overall net assets by \$1.9 million. Unrestricted net assets totaled \$2.5 million at year-end.

### **General Fund Budgetary Highlights**

The difference between the original budgeted expenditures and the final amended budget was \$2,808,517 million. The major additional appropriations approved during the year are summarized below:

- ♦ \$887,500 from fund balance to purchase properties. Requested and authorized by Council Resolution.
- ♦ \$125,000 from fund balance for Danbury's share of litigation costs incurred by the Alliance for Sensible Airspace. Requested and authorized by Council Resolution.
- ♦ \$75,000 from fund balance to fund the Connecticut Film Festival. Requested and authorized by Council Resolution.

- ♦ \$1,432,132 million increase for Police and Fire Special Services
- ♦ \$288,885 carry over for continued appropriations

During the year, actual revenues on a budgetary basis were \$186.9 million, \$1.74 million under budgetary estimates. Revenue from Licenses and Permits were lower than budgeted by \$1.3 million. Actual investment income was \$822,000 higher than the budget of \$3,200,000.

Actual expenditures on a budgetary basis totaled \$188.4 million, which were \$5.8 million less than the adjusted budget.

### Capital Asset and Debt Administration

**Capital assets.** As of June 30, 2008, the City of Danbury's investment in capital assets for its governmental and business-type activities amounted to \$425 million, net of accumulated depreciation. This investment in capital assets includes land, building and land improvements, machinery and equipment and infrastructure. The total increase in the City of Danbury's investment in capital assets for the current fiscal year was \$34.3 million or 8.8%.

	June 30, 2008			June 30, 2007		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 49,022,128	\$ 1,031,946	\$ 50,054,074	\$ 48,123,128	\$ 1,031,946	\$ 49,155,074
Land Improvements	7,076,098	-	7,076,098	6,406,406	-	6,406,406
Buildings and Improvements	103,937,353	65,349,922	169,287,275	92,773,192	65,108,510	157,881,702
Machinery and Equipment	13,069,905	326,111	13,396,016	10,650,670	547,322	11,197,992
Infrastructure	44,981,217	77,441,732	122,422,949	45,738,402	74,788,500	120,526,902
Other	-	182,827	182,827	-	205,021	205,021
Construction in Progress	48,524,604	14,022,858	62,547,462	33,693,325	11,643,206	45,336,531
<b>Total</b>	<b>\$ 266,611,305</b>	<b>\$ 158,355,396</b>	<b>\$ 424,966,701</b>	<b>\$ 237,385,123</b>	<b>\$ 153,324,505</b>	<b>\$ 390,709,628</b>

Major capital asset events during the current fiscal year included the following:

- ♦ Construction of the New Parking Garage totaling \$10.3 million
- ♦ Completion of the New Westside Firehouse, Engine #26, at \$1.7 million
- ♦ Construction of the Salt & Sand Building for \$900,000
- ♦ Purchase of Open Space land on Padanaram Rd. and Southern Blvd. for \$899,000
- ♦ Installation of Video Recorders and Computers in Police Vehicles totaling \$350,000
- ♦ Purchase of two Fire Trucks for \$750,000
- ♦ Completion of Paving projects totaling \$1.5 million
- ♦ Computers for Schools purchased through a lease for \$500,000
- ♦ Energy efficiency projects started on the Schools for \$3.9 million

- ♦ Computers and Police vehicles purchased through leases totaling \$750,000
- ♦ Additional Expenses for Construction in Progress projects including:
  - ♦ \$7.7 million for Roberts Ave replacement school
  - ♦ \$16.5 million for the new Police Headquarters
  - ♦ \$1 million for Rose Hill Bridge
  - ♦ \$700,000 for Whitestreet railroad crossing and streetscape projects

Additional information on the City of Danbury's capital assets can be found in Note 7 on pages 47-50 of this report.

**Debt.** At the end of the current fiscal year the City of Danbury had total bonded debt outstanding of \$125.34 million. One-hundred percent of this debt is backed by the full faith and credit of the city government.

	June 30, 2008			June 30, 2007		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 96,532,400	\$ 28,807,600	\$ 125,340,000	\$ 79,652,250	\$ 26,027,750	\$ 105,680,000
Bond anticipation notes	53,589,000	12,491,000	66,080,000	22,200,000	5,700,000	27,900,000
Notes payable	1,238,000	12,868,314	14,106,314	1,310,000	15,487,697	16,797,697
<b>Total</b>	<b>\$ 151,359,400</b>	<b>\$ 54,166,914</b>	<b>\$ 205,526,314</b>	<b>\$ 103,162,250</b>	<b>\$ 47,215,447</b>	<b>\$ 150,377,697</b>

The City of Danbury's total debt increased by \$55.1 million during the current fiscal year, due to an increase of approximately \$16.9 million in long term debt and a \$38.2 million increase in short-term debt.

The City of Danbury maintains the following ratings from Wall Street's credit agencies for general obligation debt: an Aa2 rating from Moody's Investors Service, AA+ from Standard and Poor's Corporation (upgraded this year), and AA+ from Fitch Ratings.

The overall statutory debt limit for the City of Danbury is equal to seven times annual receipts from taxation or \$984,120,053. As of June 30, 2008, the City recorded long-term debt of \$151.4 million related to Governmental Activities and \$54.2 million related to Business-Type Activities, well below its statutory debt limit.

Additional information on the City of Danbury's long-term debt can be found in Notes 8 and 9 of this report.

**Cash Management Policies and Practices.** At June 30, 2008, the City had \$97.8 million in cash and cash equivalents. The City also had \$237.8 million of investments representing assets in the City's six pension funds.

With the exception of the six pension funds, the City's operating and working capital funds are invested at the direction of the City Treasurer in the following short-term investments: (1) various certificates of deposit with Connecticut banks; (2) money market accounts; (3) overnight repurchase agreements collateralized by U.S. government agency obligations such as Federal Home Loan Mortgage Corporation which are valued daily; (4) overnight U.S. Treasury obligations; (5) an investment pool investing only in (a) high grade, short-term federal securities and variable rate obligations faced by federal agencies having monthly or quarterly assets based on indices like the prima rate, LIBOR, or a combination of the two, and (b) very short-term (usually overnight) repurchase agreements secured by high quality collateral which is valued daily and fully delivered to the program's custodial bank to be held for the benefits of the Pool's participants.

**Pension Administration.** The City maintains six distinct pension plans covering substantially all of its employees, except teachers who are covered by the State Teachers' Retirement Fund. The City does not contribute to the State Teachers' Retirement Fund. The General Employee's Plan is a non-contributory defined benefit plan. The remaining five plans – Post-1983 Police; Post-1967 Fire; Post-1967 Police; Pre-1967 Fire and Pre-1967 Police, are contributory defined benefit plans. Police contribute 4%-4.5% of their wages to the plans, while fire contribute 5%. The City's funding policy is to make contributions on an actuarial cost basis, which includes normal cost plus an amortization of the unfunded past service liability. Total employer pension contributions for the year ended June 30, 2008 were \$2,633,065.

Although the City's pension portfolio is performing better than indexes like Dow Jones Industrial Average, it has experienced a significant decline in value since January 2008. As of June 30, 2008, the six plans had aggregate assets of \$255 million, down \$19.9 million from \$274.9 million on June 30, 2007. The City prepares valuations of its pension plans every other year. At the latest actuarial valuation dates, the City's six pension trust funds had assets, in the aggregate on an actuarial basis, of \$251.9 million, while the actuarial accrued liability was \$230.4 million. On an actuarial accrued basis, the City's liability was in the aggregate, 109% funded.

### **Economic Factors and Next Year's Budgets and Rates**

The City of Danbury continues to show economic stability compared to other parts of the State of Connecticut. As of June 2008, the unemployment rate for the Danbury Labor Market Area was 4.5% up from 3.5% in the prior year. Connecticut's overall unemployment rate was 5.0% at June 30, 2008, up from 4.6% a year ago.

To date, the impact of the severe recession and economic crisis has been realized to a much lesser degree in the City of Danbury than that of most areas of the State and the Country. Construction projects are still moving ahead but less aggressively. Building activity and associated revenues have declined since January 2008 although new permit applications are being submitted. The City's Permit Center has contacted developers of major projects regarding their future construction plans and most development will continue to move ahead at a deliberate pace which may extend the original completion date. In addition, many corporations in Danbury still intend to expand their presence in the City in the future, demonstrating that Danbury is a desirable location to do business. Finally, the City's diverse and high quality tax base lends stability to the City's revenue stream and Danbury expects to retain its competitive advantage in Northern Fairfield County.

## Requests for Information

The financial report is designed to provide a general overview of the City of Danbury's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance at 155 Deer Hill Avenue, Danbury, CT 06810.







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## CITY OF DANBURY, CONNECTICUT

## STATEMENT OF NET ASSETS

June 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total*
<b>Assets</b>			
Cash and cash equivalents	\$ 57,764,624	\$ 21,051,355	\$ 78,815,979
Receivables (net of allowances for collection losses):			
Property taxes	5,516,221	-	5,516,221
Unbilled services	-	2,657,467	2,657,467
Special assessments	-	5,011,632	5,011,632
Accounts receivable	2,691,361	-	2,691,361
Federal and state governments	15,630,150	-	15,630,150
User charges	-	2,127,546	2,127,546
Inventories	41,013	523,913	564,926
Internal balances	3,850,021	(3,850,021)	-
Other assets	100,880	-	100,880
Deferred charges, net of accumulated amortization	685,261	548,746	1,234,007
Federal and state government receivables	3,202,859	-	3,202,859
Capital assets, not being depreciated	97,546,732	15,054,804	112,601,536
Capital assets, net of accumulated depreciation	169,064,573	143,300,592	312,365,165
<b>Total assets</b>	<b>356,093,695</b>	<b>186,426,034</b>	<b>542,519,729</b>
<b>Liabilities</b>			
Accounts payable	11,873,601	432,561	12,306,162
Accrued liabilities	3,469,507	1,224,694	4,694,201
Advance tax collections	1,103,765	-	1,103,765
Unearned revenues	1,964,461	4,624,957	6,589,418
Bond anticipation notes payable	36,562,050	12,491,000	49,053,050
Noncurrent liabilities:			
Due within one year	11,599,811	4,583,532	16,183,343
Due in more than one year	134,086,463	37,539,821	171,626,284
<b>Total liabilities</b>	<b>200,659,658</b>	<b>60,896,565</b>	<b>261,556,223</b>
<b>Net Assets</b>			
Investment in capital assets, net of related debt	140,360,414	110,836,127	251,196,541
Restricted for:			
School lunch-expendable	41,013	-	41,013
Farioly Library-non-expendable	1,353,133	-	1,353,133
Unrestricted	13,679,477	14,693,342	28,372,819
<b>Total net assets</b>	<b>\$ 155,434,037</b>	<b>\$ 125,529,469</b>	<b>\$ 280,963,506</b>

The notes to the financial statements are an integral part of this statement.

\* After internal receivables and payables have been eliminated.

Component Units		
Danbury Parking Authority	Richter Park Authority	Tarrywile Park Authority
\$ 173,725	\$ 339,255	\$ 106,168
-	-	-
-	-	-
-	-	-
32,556	-	13,380
-	-	-
4,318	-	-
-	-	-
-	-	-
76,964	7,572	16,044
-	-	-
-	-	-
-	-	-
183,714	3,010,078	57,547
471,277	3,356,905	193,139
48,510	160,353	13,975
12,050	-	6,768
-	-	-
-	8,821	-
-	-	-
-	61,334	-
-	97,659	15,024
60,560	328,167	35,767
183,714	2,851,085	57,547
-	-	-
-	-	-
227,003	177,653	99,825
\$ 410,717	\$ 3,028,738	\$ 157,372

## CITY OF DANBURY, CONNECTICUT

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ (13,961,569)	\$ 8,119,461	\$ 1,900,287	\$ 450,010
Public safety	(48,028,046)	387,935	589,436	-
Public works	(21,667,733)	56,745	4,209,442	117,199
Health and welfare	(6,179,952)	2,355,045	2,729,216	-
Culture and recreation	(5,490,443)	-	225,828	-
Education	(139,538,575)	3,009,421	55,236,978	1,039,640
Interest on long-term debt	(5,117,557)	-	-	-
<b>Total governmental activities</b>	<b>(239,983,875)</b>	<b>13,928,607</b>	<b>64,891,187</b>	<b>1,606,849</b>
Business-type activities:				
Sewer	(9,792,295)	9,888,001	-	1,466,330
Water	(7,158,381)	8,344,079	-	4,689,422
<b>Total business-type activities</b>	<b>(16,950,676)</b>	<b>18,232,080</b>	<b>-</b>	<b>6,155,752</b>
<b>Total primary government</b>	<b>(256,934,551)</b>	<b>32,160,687</b>	<b>64,891,187</b>	<b>7,762,601</b>
<b>Component Units:</b>				
Danbury Parking Authority	(987,476)	857,464	-	-
Richter Park Authority	(2,063,704)	2,035,820	-	-
Tarrywile Park Authority	(447,465)	114,928	21,862	-
<b>Total component units</b>	<b>\$ (3,498,645)</b>	<b>\$ 3,008,212</b>	<b>\$ 21,862</b>	<b>\$ -</b>

## General revenues:

Property taxes

Grants and contributions not restricted to  
specific programs

Unrestricted investment earnings

Total general revenues

## Extraordinary Item:

State teachers on-behalf payments (Note 16)

State teachers on-behalf revenue (Note 16)

## Change in net assets

Net assets - beginning

Net assets - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets								
Primary Government			Component Units					
Governmental Activities	Business-type Activities	Total	Danbury Parking Authority	Richter Park Authority	Tarrywile Park Authority			
\$ (3,491,811)	\$ -	\$ (3,491,811)	\$ -	\$ -	\$ -			
(47,050,675)	-	(47,050,675)	-	-	-			
(17,284,347)	-	(17,284,347)	-	-	-			
(1,095,691)	-	(1,095,691)	-	-	-			
(5,264,615)	-	(5,264,615)	-	-	-			
(80,252,536)	-	(80,252,536)	-	-	-			
(5,117,557)	-	(5,117,557)	-	-	-			
(159,557,232)	-	(159,557,232)	-	-	-			
-	1,562,036	1,562,036	-	-	-			
-	5,875,120	5,875,120	-	-	-			
-	7,437,156	7,437,156	-	-	-			
(159,557,232)	7,437,156	(152,120,076)	-	-	-			
-	-	-	(130,012)	-	-			
-	-	-	-	(27,884)	-			
-	-	-	-	-	(310,675)			
-	-	-	(130,012)	(27,884)	(310,675)			
140,195,658	-	140,195,658	-	-	-			
7,205,184	-	7,205,184	55,757	34,174	315,000			
3,760,101	714,594	4,474,695	12,593	-	538			
151,160,943	714,594	151,875,537	68,350	34,174	315,538			
35,392,000	-	35,392,000	-	-	-			
(35,392,000)	-	(35,392,000)	-	-	-			
-	-	-	-	-	-			
(8,396,289)	8,151,750	(244,539)	(61,662)	6,290	4,863			
163,830,326	117,377,719	281,208,045	472,379	3,022,448	152,509			
\$ 155,434,037	\$ 125,529,469	\$ 280,963,506	\$ 410,717	\$ 3,028,738	\$ 157,372			

## CITY OF DANBURY, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2008

	General	Public Safety Bond	Open Space	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 15,996,148	\$ 16,007,886	\$ 9,139,304	\$ 16,621,286	\$ 57,764,624
Receivables (net of allowances for collection losses):					
Property taxes	5,516,221	-	-	-	5,516,221
Contract receivable	-	-	-	938,799	938,799
State and federal governments	9,065,217	-	-	9,767,792	18,833,009
Accounts receivable	1,746,263	-	-	6,299	1,752,562
Inventories	-	-	-	41,013	41,013
Other assets	100,880	-	-	-	100,880
Due from other funds	10,911,404	-	-	2,928,703	13,840,107
<b>Total assets</b>	<b>\$ 43,336,133</b>	<b>\$ 16,007,886</b>	<b>\$ 9,139,304</b>	<b>\$ 30,303,892</b>	<b>\$ 98,787,215</b>
<b>Liabilities</b>					
Accounts payable	\$ 3,066,276	\$ 4,099,129	\$ 317,713	\$ 4,390,483	\$ 11,873,601
Accrued wages	1,024,886	-	-	-	1,024,886
Due to other funds	2,945,994	60	30	9,883,206	12,829,290
Deferred revenues	8,214,109	-	-	5,712,463	13,926,572
Unearned revenue	-	-	-	1,964,461	1,964,461
Bond anticipation notes payable	-	20,534,050	10,000,000	6,028,000	36,562,050
Advance tax collections	1,103,765	-	-	-	1,103,765
<b>Total liabilities</b>	<b>16,355,030</b>	<b>24,633,239</b>	<b>10,317,743</b>	<b>27,978,613</b>	<b>79,284,625</b>
<b>Fund Balances (Deficits)</b>					
Reserved for:					
Inventories	-	-	-	41,013	41,013
Encumbrances	2,071,992	13,673,413	1,479,080	9,276,889	26,501,374
Continued appropriations	133,094	-	-	-	133,094
Permanent fund	-	-	-	1,353,133	1,353,133
CDBG Projects	-	-	-	441,123	441,123
Designated for:					
Future appropriation	3,000,000	-	-	-	3,000,000
Unreserved/undesignated, reported in:					
General fund	21,776,017	-	-	-	21,776,017
Special revenue funds	-	-	-	(1,530,426)	(1,530,426)
Capital projects funds	-	(22,298,766)	(2,657,519)	(7,607,195)	(32,563,480)
Permanent fund	-	-	-	350,742	350,742
<b>Total fund balances (deficits)</b>	<b>26,981,103</b>	<b>(8,625,353)</b>	<b>(1,178,439)</b>	<b>2,325,279</b>	<b>19,502,590</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 43,336,133</b>	<b>\$ 16,007,886</b>	<b>\$ 9,139,304</b>	<b>\$ 30,303,892</b>	

Amounts reported for governmental activities in the statement of  
net assets are different because:

Capital assets, net of accumulated depreciation of \$150,255,230, purchased by governmental funds are reported as expenditures, however, the statement of net assets includes those capital assets among the assets of the City as a whole.	266,611,305
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(142,161,809)
Deferred revenue	13,926,572
Accrued interest	(2,444,621)

Net assets of governmental activities

\$ 155,434,037

The notes to the financial statements are an integral part of this statement.

## CITY OF DANBURY, CONNECTICUT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2008

	General	Public Safety Bond	Open Space	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 139,210,955	\$ -	\$ -	\$ -	\$ 139,210,955
State and federal governments	42,719,455	-	-	27,521,128	70,240,583
Licenses and permits	3,895,922	-	-	12,209	3,908,131
Charges for services	6,457,931	-	-	5,392,677	11,850,608
Fines and penalties	1,325,037	-	-	-	1,325,037
Investment income	3,760,101	-	-	78,657	3,838,758
Other	-	-	-	842,558	842,558
<b>Total revenues</b>	<b>197,369,401</b>	<b>-</b>	<b>-</b>	<b>33,847,229</b>	<b>231,216,630</b>
<b>EXPENDITURES</b>					
Current:					
General government	8,888,361	-	-	1,936,274	10,824,635
Public safety	28,117,311	-	-	2,661,014	30,778,325
Public works	8,237,911	-	-	4,466,095	12,704,006
Health and welfare	4,728,441	-	-	1,485,981	6,214,422
Culture and recreation	2,955,511	-	-	341,203	3,296,714
Education	114,914,158	-	-	22,611,371	137,525,529
Pension and other employee benefits	19,662,590	-	-	-	19,662,590
Debt service:					
Principal retirements	6,599,850	-	-	-	6,599,850
Interest and other charges	3,855,922	-	-	-	3,855,922
Capital outlay	5,322,882	18,462,246	1,204,439	17,912,335	42,901,902
<b>Total expenditures</b>	<b>203,282,937</b>	<b>18,462,246</b>	<b>1,204,439</b>	<b>51,414,273</b>	<b>274,363,895</b>
<b>Revenues over (under) expenditures</b>	<b>(5,913,536)</b>	<b>(18,462,246)</b>	<b>(1,204,439)</b>	<b>(17,567,044)</b>	<b>(43,147,265)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	721,184	721,184
Transfers out	(721,184)	-	-	-	(721,184)
Issuance of bond anticipation notes	-	10,026,950	-	7,000,000	17,026,950
Issuance of general obligation bonds	-	5,650,000	-	17,830,000	23,480,000
Payments-bond anticipation notes	-	(5,000,000)	-	(13,302,000)	(18,302,000)
Premium on bonds	262,200	-	26,000	-	288,200
Lease financing	5,033,950	-	-	-	5,033,950
<b>Total other financing sources</b>	<b>4,574,966</b>	<b>10,676,950</b>	<b>26,000</b>	<b>12,249,184</b>	<b>27,527,100</b>
Extraordinary Items (Note 16)					
State teacher's on-behalf payments	(35,392,000)	-	-	-	(35,392,000)
State teacher's on-behalf revenue	35,392,000	-	-	-	35,392,000
<b>Total extraordinary items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances (deficits)</b>	<b>(1,338,570)</b>	<b>(7,785,296)</b>	<b>(1,178,439)</b>	<b>(5,317,860)</b>	<b>(15,620,165)</b>
<b>FUND BALANCES (DEFICITS), beginning</b>	<b>28,319,673</b>	<b>(840,057)</b>	<b>-</b>	<b>7,643,139</b>	<b>35,122,755</b>
<b>FUND BALANCES (DEFICITS), ending</b>	<b>\$ 26,981,103</b>	<b>\$ (8,625,353)</b>	<b>\$ (1,178,439)</b>	<b>\$ 2,325,279</b>	<b>\$ 19,502,590</b>

The notes to the financial statements are an integral part of this statement.

CITY OF DANBURY, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2008

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	\$ (15,620,165)
--	-----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	29,226,182
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Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.	441,311
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(19,431,352)
---	--------------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(3,012,265)</u>
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Change in net assets of governmental activities	<u><u>\$ (8,396,289)</u></u>
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The notes to the financial statements are an integral part of this statement.



## CITY OF DANBURY, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED  
FUND BALANCES - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive (Negative)
<b>REVENUES</b>				
General property taxes	\$ 140,009,007	\$ 140,009,007	139,210,955	\$ (798,052)
Federal and state governments	32,793,640	32,793,640	32,083,453	(710,187)
Licenses and permits	5,217,950	5,217,950	3,895,922	(1,322,028)
Charges for services	5,722,332	7,188,241	7,442,633	254,392
Fines and penalties	303,000	303,000	340,335	37,335
Investment income	3,200,000	3,200,000	4,022,301	822,301
Other	19,400	19,400	-	(19,400)
<b>Total revenues</b>	<b>187,265,329</b>	<b>188,731,238</b>	<b>186,995,599</b>	<b>(1,735,639)</b>
<b>EXPENDITURES</b>				
Current:				
General government	9,169,378	9,356,781	8,750,477	606,304
Public safety	26,359,585	28,297,729	28,228,494	69,235
Public works	8,232,954	9,109,416	8,686,241	423,175
Health and welfare	2,842,065	2,944,067	2,850,741	93,326
Culture and recreation	3,029,223	3,063,864	2,921,089	142,775
Education	106,270,463	106,270,463	105,563,744	706,719
Pension and other employee benefits	23,219,661	23,222,612	20,692,921	2,529,691
Capital outlay	-	1,261,262	288,932	972,330
Contingency	1,300,000	205,652	-	205,652
Debt service:				
Principal retirements	7,100,000	6,600,000	6,599,850	150
Interest	3,858,000	3,858,000	3,855,922	2,078
<b>Total expenditures</b>	<b>191,381,329</b>	<b>194,189,846</b>	<b>188,438,411</b>	<b>5,751,435</b>
<b>Revenues over (under) expenditures</b>	<b>\$ (4,116,000)</b>	<b>\$ (5,458,608)</b>	<b>(1,442,812)</b>	<b>\$ 4,015,796</b>
<b>UNRESERVED BUDGETARY FUND</b>				
<b>BALANCE, beginning</b>			21,403,829	
Change in Designation for Future Appropriations			1,815,000	
<b>UNRESERVED BUDGETARY FUND BALANCE, ending</b>			<b>\$ 21,776,017</b>	

The notes to the financial statements are an integral part of this statement.

## CITY OF DANBURY, CONNECTICUT

## STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2008

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water	Sewer	Totals	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 8,903,143	\$ 12,148,212	\$ 21,051,355	\$ -
Receivables (net of allowances for collection losses):				
Unbilled services	1,349,378	1,308,089	2,657,467	-
Special assessments receivable	148,598	382,768	531,366	-
User Charges	1,007,803	1,119,743	2,127,546	-
Due from other funds	-	-	-	2,839,204
Inventories	523,913	-	523,913	-
<b>Total current assets</b>	<b>11,932,835</b>	<b>14,958,812</b>	<b>26,891,647</b>	<b>2,839,204</b>
Noncurrent assets:				
Capital assets (net of accumulated depreciation)	73,804,562	84,550,834	158,355,396	-
Special assessments receivable, net	881,776	3,598,490	4,480,266	-
Other assets (net of accumulated amortization)	503,994	44,752	548,746	-
<b>Total noncurrent assets</b>	<b>75,190,332</b>	<b>88,194,076</b>	<b>163,384,408</b>	<b>-</b>
<b>Total assets</b>	<b>87,123,167</b>	<b>103,152,888</b>	<b>190,276,055</b>	<b>2,839,204</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accrued liabilities	554,118	670,576	1,224,694	2,839,204
Accounts payable	171,484	261,077	432,561	-
Due to other funds	2	3,850,019	3,850,021	-
Unearned revenues	-	4,624,957	4,624,957	-
Bonds and notes payable	-	4,583,531	4,583,531	-
Bond anticipation notes payable	2,261,000	10,230,000	12,491,000	-
<b>Total current liabilities</b>	<b>2,986,604</b>	<b>24,220,160</b>	<b>27,206,764</b>	<b>2,839,204</b>
Noncurrent liabilities:				
Notes payable (net of unamortized discount)	-	10,248,933	10,248,933	-
Bonds payable (net of unamortized discount)	17,842,600	9,000,850	26,843,450	-
Other liabilities (net of accumulated amortization)	406,106	41,333	447,439	-
<b>Total noncurrent liabilities</b>	<b>18,248,706</b>	<b>19,291,116</b>	<b>37,539,822</b>	<b>-</b>
<b>Total liabilities</b>	<b>21,235,310</b>	<b>43,511,276</b>	<b>64,746,586</b>	<b>2,839,204</b>
<b>NET ASSETS</b>				
Invested in capital assets (net of related debt)	53,700,962	57,135,165	110,836,127	-
Unrestricted	12,186,895	2,506,447	14,693,342	-
<b>Total net assets</b>	<b>\$ 65,887,857</b>	<b>\$ 59,641,612</b>	<b>\$ 125,529,469</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

CITY OF DANBURY, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -  
PROPRIETARY FUNDS

For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water	Sewer	Totals	Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 8,344,079	\$ 8,859,748	\$ 17,203,827	\$ 11,152,648
Septic and connection fees	-	1,028,253	1,028,253	-
<b>Total operating revenues</b>	<b>8,344,079</b>	<b>9,888,001</b>	<b>18,232,080</b>	<b>11,152,648</b>
<b>OPERATING EXPENSES</b>				
Salaries, benefits and claims	2,812,295	-	2,812,295	11,152,648
Materials and supplies	794,304	-	794,304	-
Depreciation	1,367,107	2,089,517	3,456,624	-
Utilities	545,880	-	545,880	-
Administration and operation	776,724	6,621,510	7,398,234	-
<b>Total operating expenses</b>	<b>6,296,310</b>	<b>8,711,027</b>	<b>15,007,337</b>	<b>11,152,648</b>
<b>Operating income</b>	<b>2,047,769</b>	<b>1,176,974</b>	<b>3,224,743</b>	<b>-</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	337,672	376,922	714,594	-
Interest expense	(862,071)	(1,081,268)	(1,943,339)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(524,399)</b>	<b>(704,346)</b>	<b>(1,228,745)</b>	<b>-</b>
<b>Net income before capital contributions</b>	<b>1,523,370</b>	<b>472,628</b>	<b>1,995,998</b>	<b>-</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>4,689,422</b>	<b>1,466,330</b>	<b>6,155,752</b>	<b>-</b>
<b>Change in net assets</b>	<b>6,212,792</b>	<b>1,938,958</b>	<b>8,151,750</b>	<b>-</b>
<b>NET ASSETS, beginning</b>	<b>59,675,065</b>	<b>57,702,654</b>	<b>117,377,719</b>	<b>-</b>
<b>NET ASSETS, ending</b>	<b>\$ 65,887,857</b>	<b>\$ 59,641,612</b>	<b>\$ 125,529,469</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

## CITY OF DANBURY, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water	Sewer	Totals	Internal Service Funds
<b>Cash Flows From Operating Activities</b>				
Receipts from customers and users	\$ 8,291,425	\$ 9,666,413	\$ 17,957,838	\$ 11,152,648
Payments to suppliers	(3,746,510)	(4,965,795)	(8,712,305)	-
Payments to employees	(2,834,429)	-	(2,834,429)	(11,152,648)
<b>Net cash provided by operating activities</b>	<b>1,710,486</b>	<b>4,700,618</b>	<b>6,411,104</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Principal payments on debt	(1,466,150)	(3,208,382)	(4,674,532)	-
Interest paid on debt	(862,071)	(1,081,268)	(1,943,339)	-
Capital contributions	4,689,420	1,466,330	6,155,750	-
Purchase of capital assets	(5,144,130)	(3,343,355)	(8,487,485)	-
Proceeds of notes	1,635,000	9,991,000	11,626,000	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(1,147,931)</b>	<b>3,824,325</b>	<b>2,676,394</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>				
Interest received on investments	337,672	376,922	714,594	-
<b>Net cash provided by investing activities</b>	<b>337,672</b>	<b>376,922</b>	<b>714,594</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>900,227</b>	<b>8,901,865</b>	<b>9,802,092</b>	<b>-</b>
<b>Cash and Cash Equivalents</b>				
Beginning	8,002,916	3,246,347	11,249,263	-
Ending	<u>\$ 8,903,143</u>	<u>\$ 12,148,212</u>	<u>\$ 21,051,355</u>	<u>\$ -</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>				
Operating income	\$ 2,047,769	\$ 1,176,974	\$ 3,224,743	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,367,107	2,089,517	3,456,624	-
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	59,630	455,681	515,311	-
Increase in other receivables	(112,284)	(160,729)	(273,013)	-
Increase in inventories	(185,467)	-	(185,467)	-
Increase in due from other funds	-	-	-	(2,839,204)
Decrease in other assets	137,444	12,202	149,646	-
(Decrease) increase in accrued expenses	(79,609)	136,081	56,472	2,839,204
(Decrease) increase in due to other funds	(1,413,351)	1,500,019	86,668	-
Decrease in unearned revenue	-	(500,004)	(500,004)	-
Decrease in other liabilities	(110,753)	(9,123)	(119,876)	-
<b>Net cash provided by operating activities</b>	<b>\$ 1,710,486</b>	<b>\$ 4,700,618</b>	<b>\$ 6,411,104</b>	<b>\$ -</b>
<b>Supplemental Schedule of Noncash Financing Activities</b>				
Amortization of issuance costs and gain on refunded debt	<u>\$ 137,444</u>	<u>\$ 13,887</u>	<u>\$ 151,331</u>	<u>\$ -</u>
Amortization of premium on refunded debt	<u>\$ 110,756</u>	<u>\$ 10,805</u>	<u>\$ 121,561</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

## CITY OF DANBURY, CONNECTICUT

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2008

	Pension Trust Funds	Private Purpose Trust Fund	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,727,472	\$ 1,387	\$ 3,248,424
Investments, at fair value			
Common stock	76,829,607	-	-
Bonds and notes	36,658,009	-	-
Mutual funds	49,579,959	-	-
Private hedge fund	74,778,195	-	-
<b>Total investments</b>	<b>237,845,770</b>	<b>-</b>	<b>-</b>
Accrued interest and dividends	402,682	-	-
Pending sales	1,034,901	-	-
<b>Total assets</b>	<b>255,010,825</b>	<b>1,387</b>	<b>3,248,424</b>
<b>LIABILITIES</b>			
Pending purchases	4,349,457	-	-
Other liabilities	-	-	3,248,424
	<b>4,349,457</b>	<b>-</b>	<b>3,248,424</b>
<b>Net Assets Held in Trust for Pension</b>			
<b>Benefits and Other Purposes</b>	<b>\$ 250,661,368</b>	<b>\$ 1,387</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

## CITY OF DANBURY, CONNECTICUT

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

For the Year Ended June 30, 2008

	Pension Trust Funds	Private Purpose Trust Fund
<b>Additions</b>		
Contributions		
Employer	\$ 2,633,065	\$ -
Plan members	871,943	-
<b>Total contributions</b>	<b>3,505,008</b>	<b>-</b>
Investment Income		
Net depreciation in fair value of investments	(17,487,835)	-
Interest and dividends	9,468,422	45
	(8,019,413)	45
Less investment expenses:		
Investment management fees	1,564,680	-
<b>Net investment income (losses)</b>	<b>(9,584,093)</b>	<b>45</b>
<b>Total additions (losses)</b>	<b>(6,079,085)</b>	<b>45</b>
<b>Deductions</b>		
Benefits Paid	14,051,869	-
<b>Change in net assets</b>	<b>(20,130,954)</b>	<b>45</b>
<b>Net Assets</b>		
Beginning of year	270,792,322	1,342
End of year	<u>\$ 250,661,368</u>	<u>\$ 1,387</u>

The notes to the financial statements are an integral part of this statement.

**Note 1. Summary of Significant Accounting Policies**

**Reporting entity**

The City was created in 1889 and operates under an elected Mayor/Council form of government. The City's major operations include education services, health, social services, public safety, public roads, culture and recreation, public improvements, water and sewer services, planning and zoning, and general administrative services.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City's component units are discretely presented component units, which are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City. Each component unit has a June 30 year-end, except the Stanley L. Richter Memorial Park Authority ("Richter Park"), which has a December 31 year-end.

**Discretely Presented Component Units**

The Redevelopment Agency of the City is governed by members who are appointed by the Mayor with the approval of the Common Council. The Redevelopment Agency has the absolute authority (including the right to exercise eminent domain) to acquire, renovate, and resell property within a blighted area legally designated as the redevelopment district. The Redevelopment Agency does not have any assets, liabilities, fund balance, revenues, nor expenditures. As such, no financial statements exist or are available for this component unit as it has no activity.

The Tarrywile Park Authority ("Tarrywile") is responsible for administering, operating and maintaining Tarrywile Park, including all structures and land. The land and original buildings are owned by the City. Tarrywile is governed by members that are appointed by the Mayor and confirmed by the Common Council on a rotating basis. The City is potentially liable for any operating deficits and provides substantial funding to Tarrywile to support its operations. Tarrywile is presented as a governmental fund type. The information presented for Tarrywile is for the year ended June 30, 2008.

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2008

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The Danbury Parking Authority ("Parking Authority") is responsible for establishing and operating parking facilities within the City in a manner similar to a private business enterprise where the costs of providing services to the general public are financed through user charges. The Parking Authority is governed by members which are appointed by the Mayor and confirmed by the Common Council. The Parking Authority has the potential to provide specific financial benefit to, or impose specific financial burdens on, the City. The Parking Authority is presented as a proprietary fund type. The information presented for the Parking Authority is for the year ended June 30, 2008.

Richter Park is responsible for independent control over the operation of the Stanley L. Richter Memorial Park. Richter Park was donated to the City of Danbury for use as a recreational facility in 1971. The board members are selected on a rotating basis by the Mayor and confirmed by the Common Council. The City is potentially liable for any operating deficits and provides substantial funding, in the form of operating and capital grants, to Richter Park to support its operations. Richter Park is presented as a proprietary fund type. The information presented for Richter Park is for the year ended December 31, 2007.

Complete financial statements for each of the individual component units may be obtained at the entities' administrative offices:

Tarrywile Park Authority  
70 Southern Boulevard  
Danbury, CT 06810

Stanley L. Richter Memorial Park Authority  
100 Aunt Hack Road  
Danbury, CT 06811

Danbury Parking Authority  
21 Delay Street  
Danbury, CT 06810

### **Joint ventures and related organizations**

The Candlewood Lake Authority, the Housatonic Resources Recovery Authority, and the Housatonic Area Regional Transit District are joint ventures of the City. The Housing Authority is a related organization. See Note 15 in the notes to financial statements.

### **Government-wide and Fund Financial Statements**

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.



The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, landfill closure costs and claims and judgments, are recorded only when payment is due (matured).

Property taxes, when levied for, intergovernmental revenues when eligibility requirements are met, licenses, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds.

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

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The *Public Safety Bond Fund* accounts for proceeds of specific general obligation bonds for various projects either authorized by the City or to further develop the City.

The *Open Space Bond Fund* accounts for proceeds of specific general obligation bonds for various projects either authorized by the City or to further develop the City.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the operation of the City's water supply system. It is independent in terms of its relationship to other City functions. Its operations are financed from direct charges to the users of the service.

The *Sewer Fund* accounts for the operations of the City's wastewater treatment system. The City, through Veolia Water North America - Northeast, LLC ("Veolia Water"), operates its own sewage treatment plant, sewage pumping stations, and collection system. It is independent in terms of its relationship to other City functions. Veolia Water finances all aspects of the sewage system operations and recovers such costs through direct charges billed through the City to the users of the service.

Additionally, the City reports the following fund types:

The *Internal Service Funds* account for workers' compensation and risk management, including health and general liability insurance costs, provided to departments of the City and the Board of Education.

The *Private-Purpose Trust Fund* is used to account for resources legally held in trust for use by a not-for-profit organization devoted to educating the public about the government's historic city hall by means of guided tours, publications, and special events. All resources of the fund, including any earnings on invested resources, may be used to support the organization's activities. There is no requirement that any portion of these resources be preserved as capital.

The *Pension Trust Funds* account for the activities of the City's six defined benefit pension plans, which accumulate resources for pension benefit payments to qualified employees. Pension funds follow the accrual basis of accounting.

The *Agency Funds* account for monies held as a custodian for outside student groups. Agency funds have no measurement focus and are reported on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2008

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As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise funds include the cost of operations and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **Accounting estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses during the reporting period. Actual results could differ from those estimates.

#### **Property taxes**

Property taxes are assessed as of October 1 and levied on the following July 1. Taxes are due in four installments on July 1, October 1, January 1 and April 1. Supplemental motor vehicle taxes are due in full January 1. Liens are recorded during the month of June.

### **Cash equivalents**

The City considers all highly liquid investments and those with original maturities of three months or less, when purchased to be cash equivalents.

### **Allowance for doubtful accounts**

Accounts receivables, property tax receivables and notes receivable for the primary government are reported net of allowance for doubtful accounts of approximately \$3,000,000. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history and an assessment of the creditor's ability to pay.

### **Investments**

Investments, all of which are held in the pension trust funds, are reported at fair value as follows:

- ♦ U.S. Government and Agency, Foreign and Corporate obligations – prices quoted by a major dealer in such securities.
- ♦ Common Stock and Equity Funds, Foreign Equity Securities, Forward Foreign Exchange Contracts – closing prices as reported on the primary market or exchange on which they trade.
- ♦ Money Market Instruments – amortized cost which approximates fair value.
- ♦ Alternative investments may include private equity partnerships, hedge and absolute return funds for which there may be no ready market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

### **Inventories**

Inventories of governmental fund types are stated at the lower of cost or market using the consumption method on the first-in, first-out basis.

Inventories of proprietary funds are stated at the lower of cost (first-in, first-out method) or market.

### **Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2008

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estimated useful life in excess of two years. Purchased and constructed assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of any interest revenue earned from specific borrowings.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	15-45
Land improvements	20
Distribution and collection systems	50-100
Infrastructure	10-100
Machinery and equipment	5-20
Vehicles	6
Other	10
Furniture and fixtures	20

Capital assets are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

#### **Compensated absences**

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for the amounts that have become due. Amounts for compensated absences are generally liquidated by the general fund.

#### **Long-term obligations**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2008

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are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued, including capital leases, is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and principal payments are reported as debt service expenditures.

#### **Pension accounting:**

##### **Pension Trust Funds**

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

##### **Governmental Funds**

Expenditures are recognized when they are paid or are expected to be paid with current available resources.

##### **Funding policy**

The City funds the contributions to its pension plans based on the actuarial required contribution and union contracts.

#### **Net other post-employment benefit obligations**

In fiscal year 2008, the City implemented GASB Statement No. 45, *"Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions."* This pronouncement required the City to calculate and record a net other post-employment benefit obligation (NOPEBO) at June 30, 2008. The NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2007. The City makes annual contributions based upon management decisions.

#### **Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance as they do not constitute expenditures or liabilities.

### Fund Equity and Net Assets

In the government-wide financial statements and in the proprietary fund statements, net assets are classified in the following categories:

***Invested in Capital Assets, Net of Related Debt*** – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

***Restricted Net Assets*** – This category represents the net assets of the City, which are restricted by donors for a specific purpose.

***Unrestricted Net Assets or Deficits*** – This category represents the net assets of the City, which are not restricted for any project or other purpose. Deficits require future funding.

In the fund financial statements, fund balances of governmental funds are classified in two separate categories. The two categories, and their general meanings, are as follows:

***Reserved Fund Balance*** - indicates that portion of fund equity which has been legally segregated for specific purposes or is not available for spending.

***Designated Fund Balance*** - indicates that portion of fund equity for which the City has made tentative plans.

***Unreserved/Undesignated Fund Balance/Deficits*** - indicates that portion of fund equity which is available for appropriation and expenditure in future periods. A deficit will require future funding.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

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**Note 2. Reconciliation of Government-Wide and Fund Financial Statements**

**Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds, and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(142,161,809) difference are as follows:

Bonds payable	\$ (113,559,350)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	685,261
Add: Issuance premium (to be amortized over life of debt)	(1,532,605)
Capital leases payable	(6,063,439)
Compensated absences	(2,452,737)
Landfill closure	(12,878,339)
HUD-Section 108 loans	(1,238,000)
Legal claims and other	(750,000)
OPEB obligation	<u>(4,372,600)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u><u>\$ (142,161,809)</u></u>



CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

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**Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$29,226,182 difference are as follows:

Capital outlay	\$ 38,780,085
Depreciation expense	(9,524,243)
Loss on disposal	<u>(29,660)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 29,226,182</u></u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$19,431,352 difference are as follows:

Debt issued or incurred:	
Issuance of bonds (including net bond anticipation notes)	\$ 40,506,950
Premiums	(304,310)
Bond issuance costs	236,728
Capital leases	5,033,951
Principal repayments:	
General obligation debt	(24,973,850)
Capital leases	<u>(1,068,117)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 19,431,352</u></u>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

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Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$(3,012,265) difference are as follows:

Compensated absences	\$ (234,139)
Other liabilities	<u>(2,778,126)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (3,012,265)</u></u>

**Note 3. Budgets and Budgetary Accounting**

The City follows procedures in establishing the formal (as amended) budgetary data reflected in the financial statements for the General Fund. The procedures are as follows:

1. Prior to April 7, the Mayor submits proposed operating budgets to the Common Council for the fiscal year commencing the following July 1. The Board of Education has the same duties and follows the same procedures with respect to the budget of the Board of Education as those required of the Mayor. The operating budgets include proposed expenditures and the means of financing them; however, capital lease acquisitions and state on-behalf payments are not included in the operating budget. The Animal Control and Ambulance are special revenue funds which have legally adopted annual budgets.
2. Upon receipt of the proposed budgets, the Common Council publishes a notice of the proposed budgets and a public hearing to be held no later than May 1.
3. No later than May 15, the budgets are legally enacted through Common Council resolution.
4. The legal level of budgetary control is at the department level. The Mayor is authorized to transfer budget amounts within departments and the Common Council is authorized to transfer budget amounts between departments within any fund as well as any supplemental appropriations that amend the total expenditures of any budgeted fund. During the year, several supplemental appropriations were necessary; the effect of the amendments increased budgeted expenditures by approximately \$2,809,000 and also increased budgeted revenues approximately \$1,466,000.
5. Formal budgetary accounting is employed as a management control within the City for the General Fund and certain special revenue funds. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required. The General Fund budget is adopted on a modified accrual basis of accounting, except that encumbrances and continued appropriations are treated as budgeted expenditures in the year of incurrence of the commitment to purchase and certain employee benefits are budgeted on the cash basis of accounting (non-GAAP basis). Budgetary comparisons in the financial statements are presented pursuant to the applicable budgetary basis referred to above.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

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6. Except for purposes which are to be financed by the issuance of bonds or by special assessment, no money can be disbursed without an authorized appropriation in any fiscal year. A contingency fund may be used for emergency appropriations, however, expenditures may not be charged directly to this fund. An appropriation and transfer to the expending fund must be approved by the Common Council.
7. All unencumbered appropriations, except for continued appropriations, lapse at the end of each fiscal year.
8. Continued appropriations represent approved appropriations from the current or prior years' budgets for construction or other permanent improvement projects. In accordance with the City's Charter, these appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned. Any such project is deemed to be abandoned if three years have elapsed without any expenditure from, or encumbrance of, the appropriation. At June 30, 2008, there was \$133,094 in continued appropriations.

A reconciliation of General Fund operations presented on a budgetary basis to the amounts presented in the fund financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") is as follows:

	Revenues and Transfers in	Expenditures, Encumbrances and Transfers Out
Balance, budgetary basis	\$ 186,995,599	\$ 188,438,411
Encumbrances and continued appropriations		
June 30, 2007	-	2,100,844
June 30, 2008	-	(2,205,086)
State Teachers' Retirement on-behalf payments, not recognized for budgetary purposes	8,767,000	8,767,000
On-behalf payments paid directly by the Department of Health to WIC recipients, not recognized for budgetary purposes	1,869,002	1,869,002
Purchases of equipment under capital lease obligations, not recognized for budgetary purposes	5,033,950	5,033,950
Balance, GAAP basis	<u>\$ 202,665,551</u>	<u>\$ 204,004,121</u>

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2008

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#### Special revenue funds

The City does not have legally adopted annual budgets for its special revenue funds except for the Animal Control and Ambulance special revenue funds. Budgets for the various special revenue funds that are utilized to account for specific grant programs are established in accordance with the requirements for the grantor agencies. Such budgets are non-lapsing and may comprise more than one fiscal year.

#### Capital projects funds

Legal authorization for expenditures of capital projects funds is provided by the related bond ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until completion of the applicable projects.

#### Note 4. Cash and Investments

Deposits: The City has a policy that deposits can include demand and savings accounts and certificates of deposit with Connecticut banks. City policy adopts the State of Connecticut requirements that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Investments: The investment and credit risk policies of the City conform to the policies as set forth by the State of Connecticut. The City policy allows investments in the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund.

Other provisions of the Statutes cover specific municipal pension funds with particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries (i.e., prudent person rule) and the provisions of the applicable plan. Their approved policies target an asset mix to provide the probability of meeting or exceeding the return objectives at the lowest possible risk. They set asset allocation parameters, as follows:

	Range	Target
Cash and short-term investments	0%-20%	5%
Equity securities	45%-75%	60%
Fixed income securities	20%-60%	40%
Alternative strategies (hedge funds)	0%-30%	15%

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

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Interest Rate Risk: The City does not have a policy that limits its exposure to fair value losses arising from changes in interest rates. The City's pension funds do have a policy to limit their exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for benefit payments, and monitoring the liquidity of the funds on an ongoing basis.

Concentrations: The City does not have a formal policy; however, their practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

The investment policy of the pension plans is that no more than 10% (at market) may be invested in any one company and no more than 20% exposure to any one industry. In addition, the portfolio cannot have more than 20% invested in foreign bonds and no more than 20% invested in preferred stocks and convertibles.

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2008, \$86,803,350 of the City's bank balance of \$103,058,010 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City and the pension funds do not have custodial credit risk policies for investments.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

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Cash and investments of the City consist of the following at June 30, 2008:

<b>Cash and Cash Equivalents</b>	
Deposits With Financial Institutions	\$ 97,736,297
Tax Exempt Proceeds Fund	30,840
Municipal Backed Investment Fund	26,125
<b>Total cash and cash equivalents</b>	<u>97,793,262</u>
<b>Investments</b>	
Pension Trust Funds:	
U.S. Government Securities	4,429,710 *
U.S. Government Agencies	21,589,715 *
Corporate Debt	10,638,584 *
Common Stocks	76,829,607 *
Mutual Funds	49,579,959
Private Hedge Funds	74,778,195
<b>Total pension investments</b>	<u>237,845,770</u>
<b>Total cash and investments</b>	<u>\$ 335,639,032</u>

\* These investments are uninsured and unregistered, with securities held by its agent, but not in the City's Pension Trust Funds' name.

Cash and investments are classified in the accompanying financial statements as follows:

	Primary Government
<b>Statement of Net Assets</b>	
Cash and cash equivalents	\$ 78,815,979
	<u>78,815,979</u>
<b>Fiduciary Funds:</b>	
Cash and cash equivalents	18,977,283
Investments	237,845,770
	<u>256,823,053</u>
<b>Total cash and investments</b>	<u>\$ 335,639,032</u>

## CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the City's debt type investments to this risk using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
U.S. Government Agencies	\$ 21,589,715	\$ -	\$ 5,200,240	\$ 652,646	\$ 15,736,829
U.S. Government Securities	4,429,710	-	2,840,707	1,460,174	128,829
Corporate Bonds	10,638,584	508,263	5,690,476	2,635,497	1,804,348
Pooled Fixed Income	56,965	56,965	-	-	-
<b>TOTAL</b>	<b>\$ 36,714,974</b>	<b>\$ 565,228</b>	<b>\$ 13,731,423</b>	<b>\$ 4,748,317</b>	<b>\$ 17,670,006</b>

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the minimum rating as required for each debt type investment.

Average Rating	U.S. Government		
	Corporate Bonds	Agency Obligation	Pooled Fixed Income
AAA	\$ 330,939	\$ 18,163,885	\$ -
AA+	150,088	-	-
AA	457,327	-	30,840
AA-	1,174,980	-	-
A+	2,404,103	235,658	-
A	2,329,448	-	-
A-	1,799,752	-	-
BBB+	910,000	-	-
BBB	712,722	-	-
BBB-	174,599	-	-
D	194,626	-	-
Unrated	-	3,190,172	26,125
	<b>\$ 10,638,584</b>	<b>\$ 21,589,715</b>	<b>\$ 56,965</b>

## CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008**Note 5. Deferred Revenue/Unearned Revenue**

Governmental Activities defer revenue recognition in connection with resources that have been received, but not yet earned. In addition, governmental funds report deferred revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue/unearned revenue reported in the governmental activities and governmental funds were as follows:

	Deferred Revenue	Unearned Revenue
<b>General Fund:</b>		
Taxes and accrued interest on delinquent property taxes	\$ 4,996,757	\$ -
School construction receivable	3,151,967	-
Other	65,385	-
<b>Nonmajor Funds:</b>		
Grants and other	5,712,463	1,964,461
	<u>\$ 13,926,572</u>	<u>\$ 1,964,461</u>

**Note 6. Interfund Receivables, Payables and Transfers**

As of June 30, 2008, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 10,911,404	\$ 2,945,994
Water	-	2
Public Safety Bond	-	60
Open Sapce	-	30
Sewer	-	3,850,019
Internal Service Funds	2,839,204	-
Nonmajor and Other Funds	2,928,703	9,883,206
<b>Totals</b>	<u>\$ 16,679,311</u>	<u>\$ 16,679,311</u>

Interfund balances represent routine short-term advances.



CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

Interfund transfers during the year ended June 30, 2008 were as follows:

	Transfers In:		
	General Fund	Nonmajor Governmental	Total
Transfers out:			
General Fund	\$ -	\$ 721,184	\$ 721,184

Transfers are used to account for unrestricted revenues collected mainly in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations.

**Note 7. Capital Assets**

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 48,123,128	\$ 899,000	\$ -	\$ 49,022,128
Construction in progress	33,693,325	32,279,309	(17,448,030)	48,524,604
Total capital assets, not being depreciated	81,816,453	33,178,309	(17,448,030)	97,546,732
Capital assets, being depreciated:				
Land improvements	8,367,586	1,066,239	-	9,433,825
Buildings and improvements	140,151,714	14,050,574	-	154,202,288
Machinery and equipment	27,592,657	6,478,351	(296,600)	33,774,408
Infrastructure	120,454,640	1,454,642	-	121,909,282
Total capital assets being depreciated	296,566,597	23,049,806	(296,600)	319,319,803
Less accumulated depreciation for:				
Land improvements	1,961,180	396,547	-	2,357,727
Buildings and improvements	47,378,522	2,886,413	-	50,264,935
Machinery and equipment	16,941,987	4,029,456	(266,940)	20,704,503
Infrastructure	74,716,238	2,211,827	-	76,928,065
Total accumulated depreciation	140,997,927	9,524,243	(266,940)	150,255,230
Total capital assets, being depreciated, net	155,568,670	13,525,563	(29,660)	169,064,573
Governmental activities capital assets, net	\$ 237,385,123	\$ 46,703,872	\$ (17,477,690)	\$ 266,611,305

## CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,031,946	\$ -	\$ -	\$ 1,031,946
Construction in progress	11,643,206	2,379,652	-	14,022,858
Total capital assets, not being depreciated	12,675,152	2,379,652	-	15,054,804
Capital assets, being depreciated:				
Buildings and improvements	100,476,299	2,701,201	-	103,177,500
Machinery and equipment	1,223,508	263,384	-	1,486,892
Distribution and collection systems	95,702,711	3,094,378	-	98,797,089
Vehicles	927,436	48,900	-	976,336
Other	931,076	-	-	931,076
Furniture and fixtures	287,704	-	-	287,704
Total capital assets, being depreciated	199,548,734	6,107,863	-	205,656,597
Less accumulated depreciation for:				
Buildings and improvements	35,367,789	2,459,789	-	37,827,578
Machinery and equipment	676,186	484,595	-	1,160,781
Distribution and collection systems	20,914,211	441,146	-	21,355,357
Vehicles	861,020	33,514	-	894,534
Other	809,223	21,742	-	830,965
Furniture and fixtures	270,952	15,838	-	286,790
Total accumulated depreciation	58,899,381	3,456,624	-	62,356,005
Total capital assets, being depreciated, net	140,649,353	2,651,239	-	143,300,592
Business-type capital assets, net	\$ 153,324,505	\$ 5,030,891	\$ -	\$ 158,355,396

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 1,027,796
Public safety	1,444,531
Public works, including depreciation of general infrastructure assets	2,877,223
Health and welfare	319,999
Culture and recreation	3,033,376
Education	821,318
Total depreciation expense – governmental activities	<u>\$ 9,524,243</u>
<b>Business-type activities:</b>	
Sewer	\$ 2,089,517
Water	1,367,107
Total depreciation expense – business-type activities	<u>\$ 3,456,624</u>

**Discretely presented component units**

Activity for the Danbury Parking Authority for the year ended June 30, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 103,761	\$ 89,195	\$ -	\$ 192,956
Machinery and equipment	436,609	23,269	-	459,878
Computer equipment	16,841	5,665	-	22,506
Total capital assets, being depreciated	<u>557,211</u>	<u>118,129</u>	<u>-</u>	<u>675,340</u>
Less accumulated depreciation for:				
Buildings and improvements	61,170	7,351	-	68,521
Machinery and equipment	397,337	14,198	-	411,535
Computer equipment	8,668	2,902	-	11,570
Total accumulated depreciation	<u>467,175</u>	<u>24,451</u>	<u>-</u>	<u>491,626</u>
Total capital assets, being depreciated, net	<u>\$ 90,036</u>	<u>\$ 93,678</u>	<u>\$ -</u>	<u>\$ 183,714</u>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

Activity for the Richter Park Authority for the year ended December 31, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings	\$ 1,997,212	\$ 14,151	\$ -	\$ 2,011,363
Improvements	3,435,026	56,957	-	3,491,983
Machinery and equipment	857,456	198,983	-	1,056,439
Totals, capital assets being depreciated	6,289,694	270,091	-	6,559,785
Less accumulated depreciation for:				
Buildings	1,077,954	97,477	-	1,175,431
Improvements	1,559,698	78,481	-	1,638,179
Machinery and equipment	684,743	51,354	-	736,097
Total accumulated depreciation	3,322,395	227,312	-	3,549,707
Total capital assets, being depreciated, net	\$ 2,967,299	\$ 42,779	\$ -	\$ 3,010,078

Activity for the Tarrywile Park Authority for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 103,408	\$ 15,250	\$ -	\$ 118,658
Machinery and equipment	19,145	16,620	(8,900)	26,865
Furniture and fixtures	86,782	-	-	86,782
Totals, capital assets being depreciated	209,335	31,870	(8,900)	232,305
Less accumulated depreciation for:				
Buildings and improvements	72,244	5,691	-	77,935
Machinery and equipment	13,225	1,662	(8,900)	5,987
Furniture and fixtures	85,459	748	-	86,207
Computer equipment	4,629	-	-	4,629
Total accumulated depreciation	175,557	8,101	(8,900)	174,758
Total capital assets, being depreciated, net	\$ 33,778	\$ 23,769	\$ -	\$ 57,547

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

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**Note 8. Bond Anticipation Notes Payable and Subsequent Event**

The City has \$66,080,000 of bond anticipation notes outstanding as of June 30, 2008. The bond anticipation notes bear interest at 4.25%.

Bond anticipation note transactions for the year ended June 30, 2008 were as follows:

Outstanding, July 1, 2007	\$ 27,900,000
Borrowings	66,080,000
Repayments	<u>(27,900,000)</u>
Outstanding, June 30, 2008	<u><u>\$ 66,080,000</u></u>
Reported as:	
Bond anticipation notes	\$ 49,053,050
Long-term debt	\$ 17,026,950

Subsequent event

In August 2008, the City issued \$20,000,000 in general obligation bonds. The bonds bear interest of 5.00% and mature serially from August 1, 2009 to August 1, 2028. Of the \$66,080,000 bond anticipation notes outstanding, \$17,026,950 was financed with the August 2008 issue and is considered long-term debt in the government-wide financial statements, and other financing sources in the Governmental Fund financial statements as all conditions of FAS 6 had been met.

## CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

## Note 9. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds and notes payable:					
General obligation bonds	\$ 79,652,250	\$ 23,480,000	\$ 6,599,850	\$ 96,532,400	\$ 7,653,850
Notes payable	1,310,000	-	72,000	1,238,000	72,000
Bond anticipation notes	18,302,000	17,026,950	18,302,000	17,026,950	-
Plus deferred amounts:					
Unamortized premiums	1,687,640	304,310	459,345	1,532,605	459,345
<b>Total bonds and notes payable</b>	<b>100,951,890</b>	<b>40,811,260</b>	<b>25,433,195</b>	<b>116,329,955</b>	<b>8,185,195</b>
Capital leases	2,097,605	5,033,951	1,068,117	6,063,439	1,492,221
Landfill post-closure monitoring	13,459,448	-	581,109	12,878,339	500,000
Compensated absences	2,218,598	1,778,131	1,543,992	2,452,737	1,422,395
Legal claims and other	900,000	-	150,000	750,000	-
OPEB obligations	-	4,372,600	-	4,372,600	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 119,627,541</b>	<b>\$ 51,995,942</b>	<b>\$ 28,776,413</b>	<b>\$ 142,847,070</b>	<b>\$ 11,599,811</b>
<b>Business-type activities:</b>					
Bonds and notes payable:					
General obligation bonds	\$ 26,027,750	\$ 4,835,000	\$ 2,055,150	\$ 28,807,600	\$ 1,964,150
Notes payable	15,487,697	-	2,619,383	12,868,314	2,619,381
Plus deferred amounts:					
Unamortized premiums	567,289	-	119,850	447,439	-
<b>Total bonds and notes payable</b>	<b>42,082,736</b>	<b>4,835,000</b>	<b>4,794,383</b>	<b>42,123,353</b>	<b>4,583,531</b>
<b>Business-type activity long-term liabilities</b>	<b>\$ 42,082,736</b>	<b>\$ 4,835,000</b>	<b>\$ 4,794,383</b>	<b>\$ 42,123,353</b>	<b>\$ 4,583,531</b>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

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Notes payable

The City's notes payable, which are payable from its governmental activities, are as follows at June 30, 2008:

	<u>Outstanding Amount</u>
HUD-Section 108 loan, due in annual installments with an interest rate of 3%.	<u>\$ 1,238,000</u>

General obligation bonds

As of June 30, 2008, the outstanding general obligation bonded indebtedness of the City, payable from its governmental activities, was as follows:

	<u>Outstanding Amount</u>
\$16,350,000 School Additions and Improvements/Public Improvements general obligations bonds issued August 15, 1992 due in annual installments of \$815,000 to \$820,000; final maturity August 15, 2012; interest at 4.13% to 6.13%	\$ 4,075,000
\$2,705,000 Public Improvement general obligation bonds issued February 1, 1994 due in annual installments of \$80,000 to \$220,000; final maturity February 1, 2014; interest at 3.20% to 5.10%	480,000
\$17,740,000 School Additions general obligation bonds issued February 1, 1994 due in annual installments of \$880,000 to \$890,000; final maturity February 1, 2014; interest at 3.20% to 5.10%	5,280,000
\$1,695,000 Public Improvement general obligation bonds issued February 1, 1995 due in annual installments of \$70,000 to \$115,000; final maturity February 1, 2015; interest at 5.0% to 7.0%	520,000
\$10,100,000 Public Improvement general obligation bonds issued August 1, 1998 due in annual installments of \$505,000; final maturity February 1, 2019; interest at 4.0% to 5.5%	505,000

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

	<u>Outstanding Amount</u>
\$3,500,000 Public Improvement general obligation bonds issued August 1, 1999 due in annual installments of \$175,000; final maturity August 1, 2019; interest at 4.15% to 6.0%	350,000
\$11,792,000 Public Improvement general obligation bonds issued May 15, 2002 due in annual installments of \$522,350 to \$652,350; final maturity May 15, 2022; interest at 3.5% to 5.0%	2,609,400
\$1,190,000 General refunding bonds issued May 1, 2003 due in annual installments of \$135,000 to \$195,000, final maturity February 1, 2010; interest at 2.0% to 4.0%	325,000
\$12,925,000 Public Improvement general obligation bonds issued August 1, 2003, due in annual installments of \$535,000 to \$760,000; final maturity August 1, 2023; interest at 3.25% to 4.75%.	9,885,000
\$11,770,000 General Refunding bonds, issued March 1, 2004, due in annual installments of \$35,000 to \$2,540,000; final maturity August 1, 2021; interest at 2.00% to 5.00%.	11,740,000
\$2,278,000 General Obligation Refunding bonds issued March 1, 2004, due in annual installments of \$35,000 to \$2,540,000; final maturity August 1, 2021; interest at 2.00% to 5.00%	2,278,000
\$3,615,000 General Obligation bonds issued August 1, 2004, due in annual installments of \$235,000 to \$260,000; final maturity August 1, 2024; interest at 1.40% to 4.65%	3,030,000
\$10,940,000 General Obligation bonds, issued August 1, 2005, due in annual installments of \$374,400 and \$777,600; final maturity date August 2025; interest at 3.0% to 4.5%	8,870,000
\$24,357,500 General Obligation bonds; issued August 1, 2006, due in annual installments of \$261,000 to \$1,817,000, final maturity date August 2026; interest at 4.25% to 5.0%	23,105,000
\$23,480,000 General Obligation bonds; issued August 1, 2007, due in annual installments of \$16,000 to \$1,266,000 final maturity date August 2027, interest at 4.25% to 5.0%	23,480,000
	<u>\$ 96,532,400</u>



CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

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At June 30, 2008, the outstanding general obligation bonded indebtedness of the City, payable from its business-type activities, was as follows:

	Outstanding Amount
\$1,310,000 Lateral Sewer Systems general obligation bonds issued February 1, 1994 due in annual installments of \$65,000 to \$70,000; final maturity February 1, 2014; interest at 3.20% to 5.10%	\$ 390,000
\$3,100,000 Waste Water Treatment general obligation bonds (includes \$1 million for water general obligation bonds) issued February 1, 1994 due in annual installments of \$50,000 to \$105,000; final maturity February 1, 2014; interest at 3.20% to 5.13%	930,000
\$2,000,000 Water general obligation bonds issued February 1, 1994 due in annual installments of \$100,000; final maturity February 1, 2014; interest at 3.20% to 5.10%	600,000
\$2,100,000 Water general obligation bonds issued February 1, 1995 due in annual installments of \$105,000; final maturity February 1, 2015; interest at 5.0% to 7.0%	735,000
\$1,500,000 Lateral Sewer Systems general obligation bonds issued February 1, 1995 due in annual installments of \$75,000; final maturity February 1, 2015; interest at 5.0% to 7.0%	525,000
\$12,395,000 Water general obligation bonds issued August 1, 1998 due in annual installments of \$615,000 to \$620,000; final maturity February 1, 2019; interest at 4.1% to 5.5%	620,000
\$1,000,000 Water general obligation bonds issued August 1, 1999 due in annual installments of \$50,000; final maturity August 1, 2019; interest at 4.15% to 6.0%	100,000
\$1,600,000 Lateral Sewer Systems general obligation bonds issued August 1, 1999 due in annual installments of \$80,000; final maturity August 1, 2019; interest at 4.15% to 6.0%	160,000
\$953,000 Water and Sewer general obligation bonds issued May 15, 2002, due in annual installments of \$19,000 to \$28,650; final maturity May 15, 2022; interest at 3.5% to 5.0%	190,600

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

	Outstanding Amount
\$11,312,000 Water and Sewer general obligation refunding bonds issued March 1, 2004, due in annual installments of \$35,000 to \$2,540,000; final maturity August 1, 2021; interest at 2.00% to 5.00%.	11,272,000
\$1,300,000 Water and Sewer general obligation refunding bonds issued August 1, 2004, due in annual installments of \$35,000 to \$2,540,000; final maturity August 1, 2024; interest at 1.40% to 4.50%.	1,105,000
\$500,000 Water general obligation bond issued August 12, 2005 due in annual installments of \$15,600 to \$32,400; final maturity August 2025; interest at 3.0% to 4.5%.	450,000
\$7,262,500 Water and Sewer general obligation bonds; issued August 1, 2006, due in annual installments of \$179,000 to \$343,000; final maturity August 2027; interest at 4.3% to 5.0%.	6,895,000
\$4,835,000 Water and Sewer general obligation bonds; issued August 1, 2007, due in annual installments of \$145,608 to \$407,556; final maturity August 2027; interest at 4.00%; interest at 4.00% to 4.43%.	4,835,000
<b>Total general obligation bonds</b>	<b>28,807,600</b>
\$2,296,859 Clean Water Fund 103-D note payable signed May 1, 1990 due in annual installments of \$114,843; final maturity May 1, 2009; interest at 2.0%.	114,842
\$47,373,853 Clean Water Fund 103-C note payable signed July 30, 1994 due in annual installments of \$2,482,473 (\$206,873 in 2014); final maturity July 30, 2013; interest at 2.0%.	12,619,236
\$441,322 Clean Water Fund 305-C note payable signed January 31, 1995 due in annual installments of \$22,066 (\$1,840 in 2015); final maturity January 31, 2014; interest at 2.0%.	134,236
<b>Total notes payable</b>	<b>12,868,314</b>
	<b>\$ 41,675,914</b>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

The annual debt service requirements of the City's bonded indebtedness and notes payable are as follows (excluding BANS payable):

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total Payments	Principal	Interest	Total Payments
2009	\$ 7,725,850	\$ 4,047,249	\$ 11,773,099	\$ 4,583,531	\$ 1,480,180	\$ 6,063,711
2010	7,861,350	3,702,285	11,563,635	4,850,189	1,321,085	6,171,274
2011	7,701,350	3,361,573	11,062,923	4,845,189	1,164,340	6,009,529
2012	7,494,350	3,028,163	10,522,513	4,837,189	1,007,784	5,844,973
2013	7,371,000	2,680,694	10,051,694	4,825,539	850,389	5,675,928
2014	6,545,000	2,370,293	8,915,293	2,550,939	710,110	3,261,049
2015	5,375,000	2,090,746	7,465,746	2,008,840	598,461	2,607,301
2016	5,287,000	1,862,011	7,149,011	1,820,000	503,043	2,323,043
2017	5,069,000	1,643,023	6,712,023	1,823,000	419,456	2,242,456
2018	4,998,000	1,437,796	6,435,796	1,809,000	343,360	2,152,360
2019	4,618,000	1,247,432	5,865,432	1,481,000	279,087	1,760,087
2020	4,107,000	1,072,015	5,179,015	867,000	231,832	1,098,832
2021	3,931,000	907,454	4,838,454	738,000	198,441	936,441
2022	3,917,000	745,113	4,662,113	737,000	167,442	904,442
2023	3,400,000	592,291	3,992,291	689,000	137,178	826,178
2024	3,400,000	449,174	3,849,174	689,000	107,733	796,733
2025	2,865,000	317,353	3,182,353	689,000	78,063	767,063
2026	2,621,000	200,654	2,821,654	624,000	49,630	673,630
2027	2,256,000	95,537	2,351,537	599,000	23,191	622,191
2028	1,227,500	23,428	1,250,928	609,500	5,119	614,619
Total	\$ 97,770,400	\$ 31,874,282	\$ 129,644,682	\$ 41,675,914	\$ 9,675,924	\$ 51,351,838

School Bond Reimbursements

The State of Connecticut reimburses the City for eligible principal and interest costs of the portion of the capital improvement bond issues used for school construction. The amount of such principal reimbursement for the year ended June 30, 2008 was approximately \$584,416. Additional payments aggregating approximately \$3,151,967 are expected to be received through the bonds' maturity dates.

In-Substance Defeasance - Prior Years

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2008

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statements. As of June 30, 2008, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements was approximately \$25,045,000.

#### Landfill postclosure monitoring

State and federal laws and regulations require that the City place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The landfill's closure project was completed during the year ended June 30, 1999. The estimated total current cost of the landfill postclosure care, aggregating \$12,878,339, is based on the amount estimated to be paid for all equipment, facilities and services required to monitor and maintain the landfill as of June 30, 2008. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. These costs will be paid from the General Fund.

#### Compensated absences

Included in the Long-Term Obligations in the government-wide statement of net assets is the estimated obligation for employee compensated absences in the amount of \$2,452,737 as of June 30, 2008. The general fund has typically been used to liquidate the liability for compensated absences.

#### Capital lease obligations

The City has various capital leases in which they acquire capital assets. Interest rates on these leases range from 2.1% to 6.0%. The capital leases are for various computer equipment and vehicles. The leases are payable in monthly installments through 2018. Original cost of capital assets under such lease agreements are as follows:

Machinery and equipment	\$ 14,434,360
Accumulated depreciation	<u>(8,774,063)</u>
Net book value	<u><u>\$ 5,660,297</u></u>

Future minimum lease payments under capital leases are as follows:

<u>Fiscal Year</u>	
2009	\$ 1,599,960
2010	1,197,952
2011	744,782
2012	673,459
2013	507,715
Thereafter	<u>2,505,164</u>
	<u>7,229,032</u>
Less amount representing interest	<u>(1,165,593)</u>
	<u><u>\$ 6,063,439</u></u>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

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**Stanley L. Richter Park Authority**

The following is a summary of the component unit's bonds and notes payable transactions for the year ended December 31, 2007:

Beginning balance	\$ 43,333
Deductions	21,667
Ending balance	<u>\$ 21,666</u>

The Authority issued a long-term bond amounting to \$325,000 in November 1993 to finance the greens construction project. The bond principal is payable in annual installments of \$21,667 on November 15 of each year until 2008 with interest payable semi-annually at 6.25%.

On January 26, 2004, the Authority entered into an agreement with Wachovia Bank for a credit line in the amount of \$100,000 bearing interest at the Bank's Prime Rate plus .75%. The line of credit is used for working capital needs of the Authority. At December 31, 2007, the credit line balance was \$0.

The future principal amortization is as follows:

Year ending December 31,	
2008	\$ 21,666
2009	-
	<u>\$ 21,666</u>

**Authorized but unissued bonds**

Bonds authorized but unissued by the City at June 30, 2008 are as follows:

General Purpose	\$ 88,355,500
Sewer	15,307,090
Water	4,247,500
	<u>\$ 107,910,090</u>

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

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**Legal Debt Limit**

The City's indebtedness (including authorized but not unissued bonds), net of principal reimbursements expected from the state, does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

	Debt Limit	Indebtedness	Balance
General purpose	\$ 316,324,303	\$ 153,479,526	\$ 162,844,777
Unfunded Pension Benefit Obligation	421,765,737	-	421,765,737
Schools	632,648,606	30,918,213	601,730,393
Sewers	527,207,170	60,388,955	466,818,215
Urban renewal	456,912,882	1,238,000	455,674,882

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$984,120,053.

**Note 10. Commitments and Contingencies**

Lawsuits

There are several personal injury, negligence, personnel and other related lawsuits pending against the City. For certain cases, where it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated, a loss contingency has been accrued for in the government-wide statement of approximately \$750,000. Based upon the advice of the legal counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial statements of the City.

In April 1998, Metcalf & Eddy, Inc., the City's construction manager on the landfill closure project, had asserted a possible claim against the City. The case is scheduled for trial to commence November 2009 and could result in losses ranging from \$0 to \$9,000,000. Though a loss arising from these matters is possible, no point within the above range is more probable than another. As the minimum range of liability is no liability, no amount has been accrued in accordance with SFAS No. 5, *"Accounting for Contingencies."*

### **Municipal Solid Waste Service Agreement**

The City has entered into a municipal solid waste agreement, as amended (the "service agreement") with the Housatonic Resources Recovery Authority (the "Authority") pursuant to which it participates with nine other Connecticut municipalities (the five constituting the "Contracting Municipalities"), in the Housatonic Resources Recovery System (the "System").

Under the service agreement, the City is required to deliver, or cause to be delivered, to the System solid waste generated within its boundaries up to its minimum commitment of 48,600 tons per year and to pay a uniform per ton disposal service payment (the "service payment"). The current fee is \$78 per ton. The aggregate minimum commitment of the nine Contracting Municipalities is 103,800 tons per year. The City's service payment commitment is a "put-or-pay" commitment, in that if the aggregate minimum commitment of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the City must pay the service payment for its proportionate share of the shortfall of the aggregate minimum commitment (even if it did deliver its full portion).

Service payments shall be payable so long as the System is accepting solid waste delivered by or on behalf of the City, whether or not such solid waste is processed at the facility.

If any Contracting Municipality shall default in the payment of any service payments, the other Contracting Municipalities shall pay their share of the amounts unpaid by the nonpaying Contracting Municipality. If a Contracting Municipality fails to meet its minimum requirement, the effect to the City of Danbury would not be material to the financial statement as a whole.

### **Waste Water Treatment**

The City has a 20-year agreement through June 2018 (the "Agreement") with Veolia Water to manage its waste water collection and treatment system. As consideration for such Agreement, the City received a \$10 million up-front concession fee. If the Agreement is terminated prior to the end of the 20 year term, the City has to repay the unamortized balance of the concession fee (calculated using the straight-line method over the term of the Agreement). The unamortized balance of the concession fee at June 30, 2008 is \$4,624,957 and is recorded as unearned revenue in the Sewer Enterprise Fund.

Under the Agreement, the City pays an annual base fee of approximately \$3,700,000 plus an annual adjustment equal to the change in the consumer price index.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

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**Note 11. Fund Deficits**

The City has the following fund deficits at June 30, 2008 and expects to eliminate the deficits in the future as follows:

Fund	Deficit June 30, 2008	Plan for Eliminating Deficit
Capital Projects:		
City Projects	\$ 1,202,279	Through future debt issuance
Danbury Neighborhood Bond	\$ 1,160,270	Through future debt issuance and grant reimbursement
Head Start	\$ 161,943	Through future debt issuance and grant reimbursement
Public Safety Bond	\$ 8,625,353	Through future debt issuance
Magnet School Projects	\$ 188,986	Through future debt issuance
Open Space	\$ 1,178,439	Through future debt issuance
Special Revenue:		
LOCIP	\$ 704,504	Through future grant reimbursement/transfers
Airport	\$ 1,417,069	Through future grant reimbursement/transfers/revenues
School Lunch	\$ 514,539	Through future grant reimbursement/transfers/revenues
Miscellaneous Special Revenue	\$ 371,141	Through future grant reimbursement/transfers/revenues

**Note 12. Employee Retirement Plans**

The City maintains six separate single-employer pension plans covering substantially all of its employees (collectively, "the City's plans"), except those public school teachers covered under the State of Connecticut Teachers' Retirement System. The General Employees Plan is a non-contributory defined benefit plan covering all full-time employees not qualified under one of the City's other plans or the State Teachers' Retirement System. The remaining five plans: Pre-1967 Policemen, Pre-1967 Firemen, Post-1967 Policemen, Post-1967 Firemen, and Post-1983 Policemen are contributory defined benefit plans, and cover all paid members of the City Police and Fire Departments. The City's pension plans do not, however, issue stand-alone financial reports.



CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

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The plans' assets are consolidated and treated as one combined trust ("Master Trust") for the City's retirement plans. Although the assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan, in accordance with the terms of the plan.

Master Trust transactions other than cash and cash equivalents, employer and employee contributions, and payments to separated participants by participating plans are allocated to each plan based upon procedures established by the trustee and the plans' actuary. Earnings from the Master Trust include interest and dividend income, and net appreciation in the fair value of investments. Master Trust earnings are allocated to the City's plans based upon the relative fair values of the assets of each plan.

The City's plans, including the employer and employee obligations to contribute, are established under the authority of Chapter 14 of the City's Code of Ordinances. The City's plans, by policy, (i) require biennial actuarial valuations (as of July 1), with yearly updates, and (ii) require annual City contributions based on actuarial determinations. During the year of actuarial valuation, the City has historically contributed the annual required contribution ("ARC") for each of the pension plans. Any difference between the ARC and the actual contribution made has been settled by the next actuarial valuation date, and thus the City has never actually had, or had need to report, a net pension obligation ("NPO"). The required contributions are calculated to cover normal cost and the amortization of unfunded actuarial accrued liabilities.

## CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

Provisions of Pension Plans	General Employees	Pre-1967		Post-1967		Post-1983 Police
		Police	Fire	Police	Fire	
Employees covered	All employees not covered by another plan.	All police employed before 1967.	All firefighters employed before 1967.	All police employed after 1967 but before 1983.	All firefighters employed after 1967.	All police hired after 1983.
Number of retirees receiving benefits	452	37	32	78	58	9
Terminated employees Entitled to future benefits	142	-	-	-	-	1
Current employees	<u>612</u>	<u>-</u>	<u>-</u>	<u>27</u>	<u>105</u>	<u>126</u>
Total number of participants	<u>1,206</u>	<u>37</u>	<u>32</u>	<u>105</u>	<u>163</u>	<u>136</u>
Normal Benefit provisions	After attaining age 65, 1.5% of average compensation times years of credited service	After attaining age 65, 50% of final pay plus 2% for each year of service in excess of 25, but no greater than 68%	After attaining age 65, 50% of final pay plus 2% for each year of service in excess of 25, but no greater than 68%	After attaining age 65, 50% of final pay plus 2% for each year of service in excess of 25, but no greater than 68%	After attaining age 65, 50% of final pay plus 2% for each year of service in excess of 25, but no greater than 68%	After attaining age 55 or 25 years of service, 2% of average compensation for each year of service, but not greater than 68%
Definition of "Compensation"	Average of last 3 years	Final base salary	Final base salary	Final base salary	Final base salary	Final base salary
Eligibility requirements	50% vested after 5 years and increasing 10% each year thereafter until 10 years	10 years of service, fully vested after 15 years	10 years of service, fully vested after 15 years	10 years of service, fully vested after 15 years	10 years of service, fully vested after 15 years	10 years of service, fully vested after 15 years
Disability Benefits: Line of Duty	1.5% of average compensation times years of credited service	66.7% of final pay	66.7% of final pay	66.7% of final pay	66.7% of final pay	50% of final pay, 2% increase in benefit after being retired for one year.
Non-Line of Duty (Years 1-10)	1.5% of average compensation times years of credited service	2% of final pay for each year of service	2% of final pay for each year of service	2% of final pay for each year of service	2% of final pay for each year of service	2% of final pay for each year of service
Non-Line of Duty (10+ Years)	1.5% of average compensation times years of credited service	25% of final pay plus 2% for each year of service	25% of final pay plus 2% for each year of service	25% of final pay plus 2% for each year of service	25% of final pay plus 2% for each year of service	25% of final pay plus 2% for each year of service

## CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

Provisions of Pension Plans	General Employees	Pre-1967		Post-1967		Post-1983 Police
		Police	Fire	Police	Fire	
Obligation to contribute in accordance with funding policy:						
Employee	\$-0-	None	None	4% of earnings	5% of earnings	4.5% of earnings
Employer	\$-0-	\$857,000	\$910,000	\$713,000	\$342,000	\$611,000
Authority under which benefit provisions established	City code of ordinances	City code of ordinances	City code of ordinances	City code of ordinances	City code of ordinances	City code of ordinances
<u>Funding Status and Progress</u>						
Date of actuarial valuation	7/1/07	7/1/07	7/1/07	7/1/06	7/1/06	7/1/06
Significant actuarial assumptions						
Investment rate of return	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Projected annual salary increases*	4.0%	N/A	N/A	4.0%	4.0%	4.0%
Post retirement benefit increases*	3.5%, 15% every 5 years	3.5%	3.5%	5.0%	5.0%	-
* including inflation of	3.0%	-	-	3.0%	3.0%	3.0%
Mortality table	1983 GAM Set back 6 years for females and set forward 9 years for disabled lives	1983 GAM Set back 6 years for females and set forward 9 years for disabled lives	1983 GAM Set back 6 years for females and set forward 9 years for disabled lives	RP2000Blue Collar Combined-generational and RP2000 Disabled Lives.	RP2000Blue Collar Combined-generational and RP2000 Disabled Lives.	RP2000Blue Collar Combined-generational and RP2000 Disabled Lives.
Actuarial asset valuation method	Fair value smoothed	Fair value smoothed	Fair value smoothed	Fair value smoothed	Fair value smoothed	Fair value smoothed
Funding Policy	Actuarial	Actuarial	Actuarial	Actuarial	Actuarial	Actuarial
Actuarial cost method	Projected unit credit cost	Projected unit credit cost	Projected unit credit cost	Projected unit credit cost	Projected unit credit cost	Projected unit credit cost
Amortization method	Level Dollar Amount Open	Level Dollar Amount Open	Level Dollar Amount Open	Level Dollar Amount Open	Level Dollar Amount Open	Level Dollar Amount Open
Remaining amortizing period	10 years	8 years	10 years	6 years	15 years	17 years
Authority under which contributions are established	Common Council	Common Council	Common Council	Common Council	Common Council	Common Council

## CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

## Three-Year Trend Information

	Trend % Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
General Employees			
2008	-	-	-
2007	-	-	-
2006	-	-	-
Police Pre-1967			
2008	857,000	100.0%	-
2007	857,000	100.0%	-
2006	978,000	100.0%	-
Fire Pre-1967			
2008	910,000	100.0%	-
2007	910,000	100.0%	-
2006	984,000	100.0%	-
Police Post-1967			
2008	-	-	-
2007	713,000	100.0%	-
2006	690,000	100.0%	-
Fire Post-1967			
2008	-	-	-
2007	342,000	100.0%	-
2006	281,000	111.3%	(31,709)
Police Post-1983			
2008	865,000	100.0%	-
2007	611,000	100.0%	-
2006	584,000	100.0%	-

## CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

## SCHEDULE OF EMPLOYER CONTRIBUTIONS

	Year Ended June 30,	Annual Required Contribution	Percentage Contributed	
General Employees:	2008	\$ -	-	%
	2007	-	-	
	2006	-	-	
	2005	-	-	
	2004	-	-	
	2003	-	-	
Pre-1967 Police:	2008	\$ 857,000	100%	
	2007	857,000	100	
	2006	978,000	100	
	2005	1,007,000	100	
	2004	972,000	100	
	2003	971,000	100	
Pre-1967 Fire:	2008	\$ 910,000	100%	
	2007	910,000	100	
	2006	984,000	100	
	2005	919,000	100	
	2004	918,000	100	
	2003	877,000	100	
Post-1967 Police:	2008	\$ -	-	%
	2007	713,000	100	
	2006	690,000	100	
	2005	1,082,000	100	
	2004	884,000	100	
	2003	635,000	100	
Post-1967 Fire:	2008	\$ -	-	%
	2007	342,000	100	
	2006	281,000	111	
	2005	298,000	100	
	2004	902,000	100	
	2003	639,000	100	
Post-1983 Police:	2008	\$ 865,000	100%	
	2007	611,000	100	
	2006	584,000	100	
	2005	605,000	100	
	2004	404,000	100	
	2003	310,000	100	

## CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008SCHEDULE OF PLAN NET ASSETS  
JUNE 30, 2008

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police	Post-1967 Fire	Post-1983 Police	Totals
<b>ASSETS</b>							
Cash and cash equivalents	\$ 6,800,412	\$ 378,579	\$ 351,214	\$ 3,374,315	\$ 3,967,694	\$ 855,258	\$ 15,727,472
<b>Investments, at fair value</b>							
Common Stock	33,220,403	1,849,381	1,715,702	16,483,722	19,382,413	4,177,986	76,829,607
Bonds and Notes	15,850,580	882,402	818,620	7,864,942	9,248,006	1,993,459	36,658,009
Mutual Funds	21,437,910	1,193,450	1,107,183	10,637,334	12,507,928	2,696,154	49,579,959
Private Hedge Fund	32,333,392	1,800,001	1,669,891	16,043,594	18,864,888	4,066,429	74,778,195
<b>Total investments</b>	<b>102,842,285</b>	<b>5,725,234</b>	<b>5,311,396</b>	<b>51,029,592</b>	<b>60,003,235</b>	<b>12,934,028</b>	<b>237,845,770</b>
Accrued interest and dividends	174,116	9,693	8,992	86,395	101,588	21,898	402,682
Pending Sales	447,480	24,911	23,111	222,038	261,083	56,278	1,034,901
<b>Total Assets</b>	<b>110,264,293</b>	<b>6,138,417</b>	<b>5,694,713</b>	<b>54,712,340</b>	<b>64,333,600</b>	<b>13,867,462</b>	<b>255,010,825</b>
<b>LIABILITIES</b>							
Pending Purchases	1,880,664	104,697	97,128	933,172	1,097,273	236,523	4,349,457
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 108,383,629</b>	<b>\$ 6,033,720</b>	<b>\$ 5,597,585</b>	<b>\$ 53,779,168</b>	<b>\$ 63,236,327</b>	<b>\$ 13,630,939</b>	<b>\$ 250,661,368</b>

## CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008SCHEDULE OF CHANGES IN  
PLAN NET ASSETS  
YEAR ENDED JUNE 30, 2008

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police	Post-1967 Fire	Post-1983 Police	Totals
<b>Additions</b>							
Contributions							
Employer	\$ -	\$ 857,000	\$ 910,000	\$ -	\$ 885	\$ 865,180	\$ 2,633,065
Plan members	-	-	-	69,313	413,254	389,376	871,943
<b>Total contributions</b>	-	857,000	910,000	69,313	414,139	1,254,556	3,505,008
Investment Income							
Net decline in fair value of investments	(7,622,713)	(386,236)	(348,940)	(3,799,431)	(4,463,776)	(866,739)	(17,487,835)
Interest and dividends	4,109,293	229,349	203,771	2,058,641	2,389,776	477,592	9,468,422
	(3,513,420)	(156,887)	(145,169)	(1,740,790)	(2,074,000)	(389,147)	(8,019,413)
Less Investment Expenses:							
Investment manage- ment fees	698,865	40,483	34,492	334,037	385,612	71,191	1,564,680
<b>Investment income</b>	(4,212,285)	(197,370)	(179,661)	(2,074,827)	(2,459,612)	(460,338)	(9,584,093)
<b>Total additions</b>	(4,212,285)	659,630	730,339	(2,005,514)	(2,045,473)	794,218	(6,079,085)
<b>Deductions</b>							
Benefits paid	5,117,860	1,517,920	1,177,079	3,205,175	2,681,644	352,191	14,051,869
<b>Total deductions</b>	5,117,860	1,517,920	1,177,079	3,205,175	2,681,644	352,191	14,051,869
<b>Net increase</b>	(9,330,145)	(858,290)	(446,740)	(5,210,689)	(4,727,117)	442,027	(20,130,954)
<b>Net Assets Held in Trust for Pension Benefits</b>							
Beginning of year	117,713,774	6,892,010	6,044,325	58,989,857	67,963,444	13,188,912	270,792,322
End of year	\$ 108,383,629	\$ 6,033,720	\$ 5,597,585	\$ 53,779,168	\$ 63,236,327	\$ 13,630,939	\$ 250,661,368

## CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

## SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Over) Underfunded AAL (UAAL)	Funded Ratio	Covered Payroll	(Over) Underfunded AAL as a Percentage of Covered Payroll
General Employees:						
7/1/06	\$ 112,567,220	\$ 93,792,699	\$ (18,774,521)	120.0 %	\$ 25,217,732	(74.4) %
7/1/05	104,464,850	81,604,546	(22,860,304)	128.0 %	23,777,020	(96.1) %
7/1/03	97,448,725	74,647,619	(22,801,106)	130.5 %	23,576,524	(96.7) %
1/1/02	95,940,971	71,836,054	(24,104,917)	133.6 %	21,547,768	(111.9) %
1/1/00	86,363,384	60,128,299	(26,235,085)	143.6 %	20,334,025	(129.0) %
1/1/98	69,607,623	57,592,398	(12,015,225)	120.9 %	20,024,974	(60.0) %
Pre-1967 Police:						
7/1/06	\$ 6,713,395	\$ 11,566,937	\$ 4,853,542	58.0 %	\$ -	N/A %
7/1/05	7,019,283	13,139,006	6,119,723	53.4 %	-	N/A
7/1/03	6,993,981	14,173,012	7,179,031	49.3 %	-	N/A
1/1/02	7,833,857	15,189,737	7,355,880	51.6 %	-	N/A
1/1/00	7,720,242	15,955,616	8,235,374	48.4 %	48,330	17,039.9 %
1/1/98	6,509,190	17,026,404	10,517,214	38.2 %	102,700	10,240.7 %
Pre-1967 Fire:						
7/1/06	\$ 5,748,743	\$ 9,425,747	\$ 3,677,004	61.0 %	\$ -	N/A %
7/1/05	5,753,625	12,223,443	6,469,818	47.1 %	-	N/A
7/1/03	5,864,207	13,091,400	7,227,193	44.8 %	-	N/A
1/1/02	6,558,299	13,355,820	6,797,521	49.1 %	-	N/A
1/1/00	6,421,763	13,844,291	7,422,528	46.4 %	-	N/A
1/1/98	5,475,666	14,739,221	9,263,555	37.2 %	120,025	7,718.0 %
Post-1967 Police:						
7/1/06	\$ 54,386,012	\$ 50,028,155	\$ (4,357,857)	108.7 %	\$ 1,855,009	(234.9) %
7/1/04	50,324,387	51,774,948	1,450,561	97.2 %	2,146,668	67.6 %
1/1/03	48,161,141	53,371,318	5,210,177	90.2 %	2,541,819	205.0 %
1/1/01	44,924,489	45,301,753	377,264	99.2 %	2,532,599	14.9 %
1/1/99	36,880,541	40,634,158	3,753,617	90.8 %	2,724,359	137.8 %
1/1/97	27,464,027	34,113,354	6,649,327	80.5 %	3,026,816	219.7 %



## CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

## SCHEDULE OF FUNDING PROGRESS, Continued

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Over) Underfunded AAL (UAAL)	Funded Ratio	Covered Payroll	(Over) Underfunded AAL as a Percentage of Covered Payroll
Post-1967 Fire:						
7/1/06	\$ 61,402,936	\$ 52,290,625	\$ (9,112,311)	82.9 %	\$ 6,493,522	(140.3) %
7/1/04	54,985,734	48,112,254	(6,873,480)	114.3 %	6,330,894	(108.6) %
1/1/03	50,848,678	47,808,052	(3,040,626)	106.4 %	6,065,277	(50.1) %
1/1/01	45,969,156	41,475,940	(4,493,216)	110.8 %	5,379,669	(83.5) %
1/1/99	37,127,622	35,250,799	(1,876,823)	105.3 %	4,733,503	(39.6) %
1/1/97	27,099,001	29,002,474	1,903,473	93.4 %	4,619,988	41.2 %
Post-1983 Police:						
7/1/06	\$ 11,036,832	\$ 13,309,142	\$ 2,272,310	82.9 %	\$ 7,610,777	29.9 %
7/1/04	8,268,316	9,038,173	769,857	91.5 %	5,993,120	12.8 %
1/1/03	6,979,088	7,629,489	650,401	91.5 %	5,333,425	12.2 %
1/1/01	5,383,342	5,121,615	(261,727)	105.1 %	4,370,060	(6.0) %
1/1/99	3,665,977	3,603,281	(62,696)	101.7 %	4,029,030	(1.6) %
1/1/97	2,245,888	2,382,676	136,788	94.3 %	3,143,200	4.4 %

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The City does not, and is not legally responsible to, contribute to the plan.

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual city/town basis.

## CITY OF DANBURY, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2008

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In addition, the City has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$8,767,000 year ended June 30, 2008.

#### Post retirement benefits

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2008, the City recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2008 liability.

#### Plan description

The City provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2006. The post-retirement plan does not issue stand-alone financial reports.

The contribution requirements of plan members and the City are established and may be amended by the City. The City determines the required contribution using the Projected Unit Credit Method.

Membership in the plan consisted of the following at July 1, 2006, the date of the last actuarial valuation.

#### General Government Employees:

Retirees and beneficiaries receiving benefits	368
Active plan members	534
<b>Total</b>	<b>902</b>

#### Board of Education Employees:

Retirees and beneficiaries receiving benefits	192
Active plan members	823
<b>Total</b>	<b>1,015</b>

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The actuarial accrued liability as of July 1, 2006 is estimated to be \$73,448,012 and \$20,366,070 for City and Board of Education employees, respectively. The City's contributions represent payments made for premiums for insured individuals.

## CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation was as follows:

Fiscal Year Ending	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
General Government Employees:				
6/30/08	\$ 7,039,000	\$ 3,945,000	56.0%	\$ 3,094,000
Board of Education Employees:				
6/30/08	\$ 1,770,000	\$ 492,000	27.8%	\$ 1,278,000

OPEB Obligation

Schedule of Funding Progress 000's						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll (Total)	UAAL as a Percentage of Payroll
General Government Employees:						
07/01/2006	\$ -	\$73,448	\$73,448	0.00%	NA	NA
Board of Education Employees:						
07/01/2006	\$ -	\$20,366	\$20,366	0.00%	NA	NA

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

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The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation Date:	July 1, 2006
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level Percent of Pay
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Investment rate of return	7.00%
Inflation rate	None
Health cost trend rates	Annual increases in premium for retired medical and prescription drug benefits are assumed to be as follows:

Year After Valuation Date	Increase
1	10%
2	9%
3	8%
4	7%
5	6%
6	5%
7 or more	5%

**Note 13. Construction Commitments**

The City is currently in the middle of various capital projects, including street repaving, school renovations, park improvements and other various projects. At June 30, 2008, such amounts were approximately \$30,377,000.

**Note 14. Risk Management**

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the last three years. The City self-insures up to certain levels of risk based on an evaluation of the City's financial capability to assume risk and prevailing market conditions for commercial insurance. Presently, the City is self-insured for the first \$100,000 per claim for general, auto, property and public liability. The City also maintains a \$750,000 combined aggregate stop loss on these lines of coverage. The Risk Management Department also manages workers' compensation. The City is self-insured for the first \$500,000 per claim

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

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and maintains an aggregate stop loss on these worker's compensation claims of \$3 million. Employee medical benefits are fully insured, except for prescription drug coverage which is a self-insured arrangement. The BOE is also self-insured for certain dental and prescription programs.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Generally all claims are paid by the Internal Service Funds.

Changes in the balances of claims liabilities recorded by the City during the past two years are as follows:

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2008	\$ 3,025,000	\$ 11,199,497	\$ 10,635,293	\$ 3,589,204
2007	\$ 2,200,000	\$ 8,441,364	\$ 7,616,364	\$ 3,025,000

**Note 15. Subsequent Event**

Subsequent to year-end, the credit and liquidity crisis in the United States and throughout the global financial system has resulted in substantial volatility in financial markets and the banking system. These and other economic events have had a significant adverse impact on investment portfolios. As a result, the City's pension plan investments have incurred a significant decline in fair value since June 30, 2008.

**Note 16. Extraordinary Item**

The State of Connecticut issued approximately \$2.3 billion in taxable general obligation bonds to be used for deposit into the State of Connecticut Teachers' Retirement Fund. As contributions to the fund represent on-behalf payment to the City, an amount of \$35,392,000 has been recorded as an extraordinary item in the City's financial statements.

**Note 17. Joint Ventures and Related Organizations**

The Candlewood Lake Authority ("Candlewood") is a joint venture of five municipalities, including the City of Danbury. Candlewood is under joint control, comprised of three delegates from each member municipality selected for three-year terms. The City of Danbury has an ongoing financial responsibility but no equity interest. The City remitted approximately \$60,000 to supplement Candlewood's operating revenues for the year ended June 30, 2008 as Candlewood would experience financial stress without such revenue supplement.

Complete financial statements for Candlewood can be obtained by request from the Candlewood Lake Authority, P.O. Box 37, Sherman, CT 06784-0037.

The Housatonic Area Regional Transit District ("HART") is a joint venture of eight municipalities, including the City of Danbury. HART is under joint control, comprised of at least one director from each member municipality selected for four-year terms. The City of Danbury has an ongoing financial responsibility, but

CITY OF DANBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2008

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no equity interest. The City remitted approximately \$686,000 to supplement HART's operating revenues for the year ended June 30, 2008 as HART would experience financial stress without such revenue supplement.

Complete financial statements for HART can be obtained by request from HART, 107 Newtown Road, Suite 2C, Danbury, CT 06810.

The Housatonic Resources Recovery Authority ("HRRA") is a joint venture of which the City of Danbury is a member. The HRRA was established as a separate political subdivision of the State in 1986 with the adoption of a creating ordinance by local municipalities, including Danbury. HRRA was created for the purpose of providing solid waste management and disposal services for the member municipalities. There are nine participating municipalities in HRRA with the board being comprised of one member from each municipality. To avoid financial stress, the City has an ongoing financial responsibility to supply a certain level of tonnage to HRRA in accordance with the agreement between the City and HRRA, but the City has no equity interest.

Complete financial statements for HRRA can be obtained by request from HRRA, Old Town Hall, Routes 25 and 133, Brookfield Center, CT 06804 or at City Hall, 155 Deer Hill Avenue, Danbury, CT 06810.

The City's officials are responsible for appointing the board members of the Housing Authority. The City's accountability for the Housing Authority does not extend beyond making the appointments.

**Note 18. Pronouncements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates in the future that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City:

- ♦ GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," issued December 1, 2006, will be effective for the City beginning with its fiscal year June 30, 2008, but the liability should be measured at July 1, 2007 so that beginning net assets can be restated. This Statement identifies the circumstances under which a government would have to estimate its expected outlays for pollution remediation if it knows a site is polluted, if the pollution poses an imminent danger to the public or the environment, if the government has violated a pollution prevention permit or license, if the government has been named as a responsible party for cleaning up the pollution, if the government began to clean up the pollution, and if the government is named in a lawsuit. In addition, it provides disclosure information about their pollution obligations associated with clean-up efforts.
- ♦ GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets," issued June, 2007. Governments possess many different types of assets that may be considered intangible

assets, including easements, water rights, timber rights, patents, trademarks, and computer software. Intangible assets, and more specifically easements, are referred to in the description of capital assets in Statement No. 34, "Basic Financial Statements - and Management's Discussion and analysis - for State and Local Governments." This reference has created questions as to whether and when intangible assets should be considered capital assets for financial reporting purposes. An absence of sufficiently specific authoritative guidance that addresses these questions has resulted in inconsistencies in the accounting and financial reporting of intangible assets among state and local governments, particularly in the areas of recognition, initial measurement, and amortization. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

- ♦ GASB Statement No. 52, "Land and Other Real Estate Held as Investment by Endowments". This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.
- ♦ GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments". This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2008.

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**SUPPLEMENTAL AND COMBINING NONMAJOR  
FUND STATEMENTS AND SCHEDULES**



General Fund

*General Fund*

## CITY OF DANBURY, CONNECTICUT

GENERAL FUND EXPENDITURES AND ENCUMBRANCES - BUDGETARY BASIS -  
BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>General Government</b>				
Common Council	\$ 32,872	\$ 32,872	\$ 30,780	\$ 2,092
Mayor's Office	344,949	353,014	347,562	5,452
City Clerk	51,029	51,029	48,677	2,352
Ordinances	26,000	26,000	22,941	3,059
Probate Court	14,950	14,950	14,829	121
Registrars and Elections	172,456	213,709	185,315	28,394
City Treasurer	19,575	19,749	19,748	1
Director of Finance	796,887	834,394	838,772	(4,378)
Data Processing/Information Technology	1,174,296	1,180,030	1,170,795	9,235
Independent Audit	45,800	45,800	16,300	29,500
Bureau of Assessments	434,260	458,596	448,824	9,772
Board of Assessments and Appeal	4,600	7,415	7,413	2
Tax Collector	626,005	601,268	592,782	8,486
Purchasing	232,192	234,695	221,845	12,850
Corporation Counsel	812,792	882,792	862,484	20,308
Town Clerk	406,047	457,702	404,592	53,110
Annual Report	10,500	10,500	10,000	500
Permit Coordination	327,392	326,108	323,614	2,494
Planning	462,866	477,405	474,421	2,984
Office of Economic Development	113,372	114,112	114,109	3
Danbury Conservation Commission	10,240	17,240	12,354	4,886
Personnel/ Civil Service	325,802	340,348	314,826	25,522
Fair Rent Commission	1,450	1,450	1,395	55
City Memberships	83,261	83,997	83,997	-
Lake Authority	59,829	59,829	59,829	-
Retirement Administration	28,000	28,295	595	27,700
Labor Negotiations	153,000	152,413	118,620	33,793
Public Buildings	1,089,700	1,031,865	874,477	157,388
City Hall Building	469,199	531,517	450,899	80,618
Library Building	260,230	242,515	214,675	27,840
Police Station Building	253,050	231,942	206,363	25,579
Senior Center Building	87,800	87,800	84,856	2,944
Old Library Building	58,850	59,150	55,839	3,311
Park Buildings	150,280	146,280	115,949	30,331
Employee Service Benefit	29,847	-	-	-
<b>Total general government</b>	<b>9,169,378</b>	<b>9,356,781</b>	<b>8,750,477</b>	<b>606,304</b>

(Continued)

## CITY OF DANBURY, CONNECTICUT

GENERAL FUND EXPENDITURES AND ENCUMBRANCES - BUDGETARY BASIS -  
 BUDGET AND ACTUAL, Continued  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
<b>Public Safety</b>				
Police Department	13,682,274	15,327,067	15,375,933	(48,866)
Animal Control	221,019	221,184	110,712	110,472
Fire Department	10,276,137	10,602,077	10,642,114	(40,037)
Building Inspector	586,756	614,201	610,797	3,404
Department of Civil Preparedness	10,200	10,450	9,752	698
Department of Consumer Protection	56,766	54,107	52,127	1,980
Employee Service Benefit	8,272	-	-	-
Unified Neighborhood Inspection Team	302,587	229,776	226,638	3,138
Airport	529,716	553,009	514,562	38,447
HART	685,858	685,858	685,859	(1)
<b>Total public safety</b>	<b>26,359,585</b>	<b>28,297,729</b>	<b>28,228,494</b>	<b>69,235</b>
<b>Public Works</b>				
Highways	2,567,088	2,511,867	2,513,127	(1,260)
State Aid Highway Project	305,989	305,989	308,933	(2,944)
Snow and Ice Removal	493,011	685,158	685,086	72
Street Lighting	465,000	465,000	446,388	18,612
Public Building Maintenance Repair	525,600	569,593	542,895	26,698
Equipment Maintenance	1,064,806	1,233,828	1,210,282	23,546
Recycling/ Solid Waste	311,000	343,977	326,216	17,761
Engineering Department	1,080,579	1,608,516	1,600,451	8,065
Park Maintenance & Forestry	1,407,507	1,385,488	1,052,863	332,625
Employee Service Benefit	12,374	-	-	-
<b>Total public works</b>	<b>8,232,954</b>	<b>9,109,416</b>	<b>8,686,241</b>	<b>423,175</b>
<b>Health and Welfare</b>				
Health, House and Welfare Department	1,133,219	1,153,971	1,084,483	69,488
Employee Service Benefit	5,342	5,342	-	5,342
Veterans Advisory Center	62,170	62,170	61,037	1,133
Commission on Aging	306,958	315,073	298,625	16,448
Elderly Transportation	12,000	12,000	12,000	-
Human and Social Welfare	1,320,511	1,395,511	1,394,596	915
Employee Service Benefit	1,865	-	-	-
<b>Total health and welfare</b>	<b>2,842,065</b>	<b>2,944,067</b>	<b>2,850,741</b>	<b>93,326</b>
<b>Education</b>	<b>106,270,463</b>	<b>106,270,463</b>	<b>105,563,744</b>	<b>706,719</b>

(Continued)

## CITY OF DANBURY, CONNECTICUT

GENERAL FUND EXPENDITURES AND ENCUMBRANCES - BUDGETARY BASIS -  
 BUDGET AND ACTUAL, Continued  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
<b>Culture and Recreation</b>				
Recreation	412,654	415,103	392,031	23,072
Tarrywile Park Authority	315,000	315,000	315,000	-
Cultural Commission	105,000	105,000	104,701	299
Lake Kenosia Commission	22,000	22,000	30,109	(8,109)
Ives Authority Performing Arts	50,000	50,000	50,000	-
Danbury Public Library	2,117,609	2,150,761	2,023,248	127,513
Long Ridge Library	6,000	6,000	6,000	-
Employee Service Benefit	960	-	-	-
<b>Total culture and recreation</b>	<b>3,029,223</b>	<b>3,063,864</b>	<b>2,921,089</b>	<b>142,775</b>
<b>Employee Benefits</b>	<b>23,219,661</b>	<b>23,222,612</b>	<b>20,692,921</b>	<b>2,529,691</b>
<b>Debt Service</b>				
Principal - bonds and notes	7,100,000	6,600,000	6,599,850	150
Interest - bonds	3,858,000	3,858,000	3,855,922	2,078
<b>Total debt service</b>	<b>10,958,000</b>	<b>10,458,000</b>	<b>10,455,772</b>	<b>2,228</b>
<b>Contingency</b>	<b>1,300,000</b>	<b>205,652</b>	<b>-</b>	<b>205,652</b>
<b>Capital Outlay</b>	<b>-</b>	<b>1,261,262</b>	<b>288,932</b>	<b>972,330</b>
<b>Total</b>	<b>\$ 191,381,329</b>	<b>\$ 194,189,846</b>	<b>\$ 188,438,411</b>	<b>\$ 5,751,435</b>

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Nonmajor Governmental Funds

## **Nonmajor Governmental Funds**

### ***Special Revenue Funds***

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**School Lunch Program Fund** - to account for the operations of the School Lunch Program. Financing is provided by the students and teachers as well as reimbursement from State and Federal governments.

**Community Development Block Grant Fund** - to account for an entitlement grant received from the Department of Housing and Urban Development for housing and community development activities under the Housing and Community Development Act of 1974.

**WIC Grant Fund** - to account for the operations of the Women, Infant and Children Health Program. Financing is provided by the Federal Government.

**Continuing Education** – to account for evening classes for individuals 16 years and older, offered in the Fall and Spring. Content varies based upon participants' skills and interests. Class fees are used to pay instructors, program staff and operations.

**Railyard Parking Lease Fund** – to account for funds received from the City of Danbury Parking Authority for permits sold at the Danbury Railyard - Union Station.

**Library Board Library Fund** – to account for fines and fees collected by the Library.

**Animal Control Fund** - to account for funds provided by the sale of dog licenses, sale of stray dogs and various fines levied against owners of stray dogs, as well as General Fund appropriations.

**School Based Health Center Grant Fund** - to account for funds received from preventive and mental health services for Danbury students. Funding is provided by the State of Connecticut Department of Public Health and Addiction Services.

**Ambulance Fund** - to account for the operations of the City's ambulance system for the benefit of its residents. Funds are provided on a fee basis and City subsidy.

**LOCIP Fund** – to account for projects funded through the State Local Capital Improvement Program.

**Airport** – to account for projects related to the maintenance and upkeep of the Danbury Municipal Airport. Funds provided by Federal, State and local sources.

**State & Federal School Projects** – to account for education related programs that are funded through State and Federal Grants.

**Miscellaneous Funds** – to account for proceeds from smaller projects related to public health, social services, public safety, open space and culture and recreation.

## ***Capital Projects Funds***

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**Vision 21 and Vision 21<sup>2</sup> Bond Fund** - to account for the proceeds of specific general obligation bonds for various projects to further develop the City.

**City Projects Fund** - to account for proceeds of specific general obligation bonds for various projects either authorized by the City or to further develop the City.

**City Works/Library Reconstruction** – to account for proceeds of specific general obligation bonds for various projects to further develop the City.

**Danbury Neighborhood Bond Fund** – to account for proceeds of specific general obligation bonds for various projects either authorized by the City or to further develop the City.

**Head Start Fund** – to account for proceeds of specific general obligation bonds for various projects either authorized by the City or to further develop the City.

**Library Place Parking Garage** - to account for proceeds of specific general obligation bonds for a downtown parking garage project authorized by the City or to further develop the City.

**Century 21 PI Fund** - to account for the proceeds of specific general obligation bonds for various projects throughout the City.

**Magnet School Fund** - to account for the construction of the Western Connecticut Academy of International Studies which will focus on international studies and related cultures.

## ***Permanent Fund***

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

***Farioly Permanent Fund*** – This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to improve the City's library.



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## CITY OF DANBURY, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2008

	Special Revenue				
	School Lunch Program	Community Development Block Grant	WIC Grant	Continuing Education	Railyard Parking Lease
<b>ASSETS</b>					
Cash and cash equivalents	\$ 124,028	\$ 652,325	\$ 44,980	\$ 1,389,027	\$ 6,894
Receivables:					
Accounts receivable, net	63,352	-	-	-	-
Federal and State government	324,459	-	-	-	-
Other	-	258	-	-	6,041
Inventories	41,013	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 552,852</b>	<b>\$ 652,583</b>	<b>\$ 44,980</b>	<b>\$ 1,389,027</b>	<b>\$ 12,935</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 1,067,391	\$ 122,473	\$ 1,155	\$ -	\$ 1,300
Bond anticipation notes payable	-	-	-	-	-
Deferred revenue	-	-	-	258,345	-
Unearned revenue	-	-	20,074	-	-
Due to other funds	-	88,987	23,751	-	-
<b>Total liabilities</b>	<b>1,067,391</b>	<b>211,460</b>	<b>44,980</b>	<b>258,345</b>	<b>1,300</b>
<b>FUND BALANCES (DEFICITS)</b>					
Reserved for library	-	-	-	-	-
Reserved for encumbrances	-	-	74	-	-
Reserved for inventories	41,013	-	-	-	-
Reserved for CDBG	-	441,123	-	-	-
Unreserved and undesignated	(555,552)	-	(74)	1,130,682	11,635
<b>Total fund balances     (deficits)</b>	<b>(514,539)</b>	<b>441,123</b>	<b>-</b>	<b>1,130,682</b>	<b>11,635</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 552,852</b>	<b>\$ 652,583</b>	<b>\$ 44,980</b>	<b>\$ 1,389,027</b>	<b>\$ 12,935</b>

Special Revenue								
Library Board Library Fund	Animal Control	School- Based Health Center Grant	Ambulance	LOCIP	Airport	State & Fed. School Projects	Miscellaneous Special Revenue	
\$ 237,480	\$ 77,982	\$ 81,356	\$ 1,451,363	\$ 370,862	\$ 226,839	\$ 423,434	\$ 1,467,398	
-	-	-	454,886	-	-	420,561	-	
-	-	-	-	704,504	1,433,161	-	401,603	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	48,922	2,817,781	
\$ 237,480	\$ 77,982	\$ 81,356	\$ 1,906,249	\$ 1,075,366	\$ 1,660,000	\$ 892,917	\$ 4,686,782	
\$ 50,962	\$ 16,859	\$ 24,214	\$ 48,565	\$ 125,367	\$ -	\$ 273,287	\$ 330,106	
-	-	-	-	-	-	-	-	
-	-	1,066	-	704,503	1,417,069	-	401,603	
-	-	-	-	-	-	610,845	1,333,542	
-	-	56,076	-	950,000	1,660,000	-	2,992,672	
50,962	16,859	81,356	48,565	1,779,870	3,077,069	884,132	5,057,923	
-	-	-	-	-	-	-	-	
-	-	-	-	-	261,011	-	1,477,502	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
186,518	61,123	-	1,857,684	(704,504)	(1,678,080)	8,785	(1,848,643)	
186,518	61,123	-	1,857,684	(704,504)	(1,417,069)	8,785	(371,141)	
\$ 237,480	\$ 77,982	\$ 81,356	\$ 1,906,249	\$ 1,075,366	\$ 1,660,000	\$ 892,917	\$ 4,686,782	

(Continued)

## CITY OF DANBURY, CONNECTICUT

## COMBINING BALANCE SHEET, Continued

## NONMAJOR GOVERNMENTAL FUNDS

June 30, 2008

	Capital Projects				
	Vision 21 and Vision 21 <sup>2</sup>	City Projects	City Works/ Library Reconstruction	Danbury Neighborhood Bond	Head Start
<b>ASSETS</b>					
Cash and cash equivalents	\$ 436,894	\$ 299,721	\$ 68,871	\$ 1,822,452	\$ 769,309
Receivables:					
Accounts receivable, net	-	-	-	-	-
Federal and State government	10,320	-	-	-	1,581,892
Other	-	-	-	-	-
Inventories	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 447,214</b>	<b>\$ 299,721</b>	<b>\$ 68,871</b>	<b>\$ 1,822,452</b>	<b>\$ 2,351,201</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 53,217	\$ 2,000	\$ 68,498	\$ 282,122	\$ 12,252
Bond anticipation notes payable	-	1,500,000	-	1,108,000	919,000
Deferred revenue	-	-	373	-	1,581,892
Unearned revenue	-	-	-	-	-
Due to other funds	2,901	-	-	1,592,600	-
<b>Total liabilities</b>	<b>56,118</b>	<b>1,502,000</b>	<b>68,871</b>	<b>2,982,722</b>	<b>2,513,144</b>
<b>FUND BALANCES (DEFICITS)</b>					
Reserved for library	-	-	-	-	-
Reserved for encumbrances	70,574	7,220	-	70,267	141,956
Reserved for inventories	-	-	-	-	-
Reserved for CDBG	-	-	-	-	-
Unreserved and undesignated	320,522	(1,209,499)	-	(1,230,537)	(303,899)
<b>Total fund balances     (deficits)</b>	<b>391,096</b>	<b>(1,202,279)</b>	<b>-</b>	<b>(1,160,270)</b>	<b>(161,943)</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 447,214</b>	<b>\$ 299,721</b>	<b>\$ 68,871</b>	<b>\$ 1,822,452</b>	<b>\$ 2,351,201</b>



Capital Projects			Permanent Fund	
Library Place Parking Garage	Century 21 PI	Magnet School Projects	Farioly Library	Totals
\$ 332,051	\$ 4,633,551	\$ 394	\$ 1,704,075	\$ 16,621,286
-	-	-	-	938,799
-	4,083,227	1,228,626	-	9,767,792
-	-	-	-	6,299
-	-	-	-	41,013
-	-	-	62,000	2,928,703
<u>\$ 332,051</u>	<u>\$ 8,716,778</u>	<u>\$ 1,229,020</u>	<u>\$ 1,766,075</u>	<u>\$ 30,303,892</u>
\$ 123,058	\$ 1,787,657	\$ -	\$ -	\$ 4,390,483
182,000	2,319,000	-	-	6,028,000
-	1,158,626	188,986	-	5,712,463
-	-	-	-	1,964,461
-	1,225,199	1,229,020	62,000	9,883,206
<u>305,058</u>	<u>6,490,482</u>	<u>1,418,006</u>	<u>62,000</u>	<u>27,978,613</u>
-	-	-	1,353,133	1,353,133
-	7,248,085	-	200	9,276,889
-	-	-	-	41,013
-	-	-	-	441,123
<u>26,993</u>	<u>(5,021,789)</u>	<u>(188,986)</u>	<u>350,742</u>	<u>(8,786,879)</u>
<u>26,993</u>	<u>2,226,296</u>	<u>(188,986)</u>	<u>1,704,075</u>	<u>2,325,279</u>
<u>\$ 332,051</u>	<u>\$ 8,716,778</u>	<u>\$ 1,229,020</u>	<u>\$ 1,766,075</u>	<u>\$ 30,303,892</u>

## CITY OF DANBURY, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2008

	Special Revenue				
	School Lunch Program	Community Development Block Grant	WIC Grant	Continuing Education	Railyard Parking Lease
<b>REVENUES</b>					
Federal and State governments	\$ 1,848,941	\$ 581,633	\$ 248,998	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Charges for services	1,689,291	-	-	1,214,565	28,503
Investment income	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenues</b>	<b>3,538,232</b>	<b>581,633</b>	<b>248,998</b>	<b>1,214,565</b>	<b>28,503</b>
<b>EXPENDITURES</b>					
General government	-	-	-	-	32,622
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	592,225	248,998	-	-
Education	4,024,742	-	-	1,027,177	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>4,024,742</b>	<b>592,225</b>	<b>248,998</b>	<b>1,027,177</b>	<b>32,622</b>
<b>Revenues over (under) expenditures</b>	<b>(486,510)</b>	<b>(10,592)</b>	<b>-</b>	<b>187,388</b>	<b>(4,119)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Bond anticipation note proceeds	-	-	-	-	-
Bond anticipation note payments	-	-	-	-	-
Bond proceeds	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenue and other financing sources (uses) over (under) expenditures</b>	<b>(486,510)</b>	<b>(10,592)</b>	<b>-</b>	<b>187,388</b>	<b>(4,119)</b>
<b>FUND BALANCES</b>					
<b>(DEFICITS), beginning</b>	<b>(28,029)</b>	<b>451,715</b>	<b>-</b>	<b>943,294</b>	<b>15,754</b>
<b>FUND BALANCES</b>					
<b>(DEFICITS), ending</b>	<b>\$ (514,539)</b>	<b>\$ 441,123</b>	<b>\$ -</b>	<b>\$ 1,130,682</b>	<b>\$ 11,635</b>

Special Revenue								
Library Board Library Fund	Animal Control	School-Based Health Center Grant	Ambulance	LOCIP	Airport	State & Fed. School Projects	Miscellaneous Special Revenue	
\$ -	\$ -	\$ 393,079	\$ -	\$ 450,010	\$ 18,899	\$ 17,535,822	\$ 2,438,968	
-	12,209	-	-	-	-	-	-	
-	-	-	2,351,892	-	-	-	108,426	
-	-	-	12,138	-	-	-	-	
115,395	-	-	-	-	-	-	727,163	
115,395	12,209	393,079	2,364,030	450,010	18,899	17,535,822	3,274,557	
-	-	-	-	-	-	-	1,903,652	
-	227,218	-	2,067,127	-	-	-	366,669	
-	-	-	-	1,014,391	1,435,841	-	2,015,863	
83,291	-	-	-	-	-	-	255,762	
-	-	393,079	-	-	-	-	251,679	
-	-	-	-	-	-	17,535,822	23,630	
-	-	-	-	-	-	-	-	
83,291	227,218	393,079	2,067,127	1,014,391	1,435,841	17,535,822	4,817,255	
32,104	(215,009)	-	296,903	(564,381)	(1,416,942)	-	(1,542,698)	
-	221,184	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	221,184	-	-	-	-	-	-	
32,104	6,175	-	296,903	(564,381)	(1,416,942)	-	(1,542,698)	
154,414	54,948	-	1,560,781	(140,123)	(127)	8,785	1,171,557	
\$ 186,518	\$ 61,123	\$ -	\$ 1,857,684	\$ (704,504)	\$ (1,417,069)	\$ 8,785	\$ (371,141)	

(Continued)

## CITY OF DANBURY, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED  
FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2008

	Capital Projects				
	Vision 21 and Vision 21 <sup>2</sup>	City Projects	City Works/ Library Reconstruction	Danbury Neighborhood Bond	Head Start
<b>REVENUES</b>					
Federal and State governments	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenues</b>	-	-	-	-	-
<b>EXPENDITURES</b>					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	366,378	325,049	-	2,529,851	209,306
<b>Total expenditures</b>	366,378	325,049	-	2,529,851	209,306
<b>Revenues over (under) expenditures</b>	(366,378)	(325,049)	-	(2,529,851)	(209,306)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	500,000	-	-	-
Bond anticipation note proceeds	-	-	-	-	692,000
Bond anticipation note payments	-	-	-	(1,000,000)	(1,000,000)
Bond proceeds	340,000	-	-	3,843,000	308,000
<b>Total other financing sources (uses)</b>	340,000	500,000	-	2,843,000	-
<b>Total revenue and other financing sources (uses) over (under) expenditures</b>	(26,378)	174,951	-	313,149	(209,306)
<b>FUND BALANCES (DEFICITS), beginning</b>	417,474	(1,377,230)	-	(1,473,419)	47,363
<b>FUND BALANCES (DEFICITS), ending</b>	\$ 391,096	\$ (1,202,279)	\$ -	\$ (1,160,270)	\$ (161,943)

Capital Projects			Permanent Fund	
Library Place Parking Garage	Century 21 PI	Magnet School Projects	Farioly Library	Totals
\$ -	\$ 2,965,138	\$ 1,039,640	\$ -	\$ 27,521,128
-	-	-	-	12,209
-	-	-	-	5,392,677
-	-	-	66,519	78,657
-	-	-	-	842,558
-	2,965,138	1,039,640	66,519	33,847,229
-	-	-	-	1,936,274
-	-	-	-	2,661,014
-	-	-	-	4,466,095
-	-	-	2,150	341,203
-	-	-	-	1,485,981
-	-	-	-	22,611,371
3,207,838	11,161,980	111,933	-	17,912,335
3,207,838	11,161,980	111,933	2,150	51,414,273
(3,207,838)	(8,196,842)	927,707	64,369	(17,567,044)
-	-	-	-	721,184
-	6,308,000	-	-	7,000,000
(3,000,000)	(8,302,000)	-	-	(13,302,000)
4,345,000	8,994,000	-	-	17,830,000
1,345,000	7,000,000	-	-	12,249,184
(1,862,838)	(1,196,842)	927,707	64,369	(5,317,860)
1,889,831	3,423,138	(1,116,693)	1,639,706	7,643,139
\$ 26,993	\$ 2,226,296	\$ (188,986)	\$ 1,704,075	\$ 2,325,279

CITY OF DANBURY, CONNECTICUT

SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - ANIMAL CONTROL FUND

For the Year Ended June 30, 2008

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Town clerk fees	\$ 11,000	\$ 11,000	\$ 7,705	\$ (3,295)
City contribution	220,019	221,184	221,184	-
Other revenue	3,200	3,200	4,504	1,304
Total revenues	234,219	235,384	233,393	(1,991)
EXPENDITURES				
	234,219	235,384	227,218	8,166
Revenues over expenditures	\$ -	\$ -	\$ 6,175	\$ 6,175

CITY OF DANBURY, CONNECTICUT

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL - AMBULANCE FUND

For the Year Ended June 30, 2008

	Budgeted		Actual	Variance
	Original	Final		With Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 2,009,627	\$ 2,059,627	\$ 2,873,120	\$ 813,493
Other revenue	7,500	7,500	12,138	4,638
Total revenues	2,017,127	2,067,127	2,885,258	818,131
EXPENDITURES				
	2,017,127	2,067,127	2,067,127	-
Revenues over expenditures	\$ -	\$ -	\$ 818,131	\$ 818,131

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**Internal Service Funds**

## **Internal Service Funds**

Internal Service Funds are used to account for financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

**Workers' Compensation Fund** – is used to account for the City's and Board of Education's workers' compensation claims.

**Risk Management Fund** – is used to account for the City's and Board of Education's self-insured dental and pharmaceutical claims and the City's general insurance.

CITY OF DANBURY, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS

June 30, 2008

	Workers' Compensation	Risk Management	Total
<b>ASSETS</b>			
Current assets:			
Due from general fund	\$ 1,672,223	\$ 1,166,981	\$ 2,839,204
<b>Total assets</b>	<b>1,672,223</b>	<b>1,166,981</b>	<b>2,839,204</b>
<b>LIABILITIES</b>			
Accrued claims and judgements	1,672,223	1,166,981	2,839,204
<b>Total liabilities</b>	<b>1,672,223</b>	<b>1,166,981</b>	<b>2,839,204</b>
<b>NET ASSETS</b>			
Unrestricted	\$ -	\$ -	\$ -

CITY OF DANBURY, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2008

	Workers' Compensation	Risk Management	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,631,518	\$ 9,521,130	\$ 11,152,648
<b>Total operating revenues</b>	<b>1,631,518</b>	<b>9,521,130</b>	<b>11,152,648</b>
<b>OPERATING EXPENSES</b>			
Claims	1,631,518	9,521,130	11,152,648
<b>Total operating expenses</b>	<b>1,631,518</b>	<b>9,521,130</b>	<b>11,152,648</b>
 Change in net assets	 -	 -	 -
 <b>FUND NET ASSETS, beginning</b>	 -	 -	 -
 <b>FUND NET ASSETS, ending</b>	 \$ -	 \$ -	 \$ -

## CITY OF DANBURY, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR INTERNAL SERVICE FUNDS  
June 30, 2008

	Workers' Compensation	Risk Management	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and users	\$ 1,631,518	\$ 9,521,130	\$ 11,152,648
Payments for benefits	(1,631,518)	(9,521,130)	(11,152,648)
<b>Net cash provided by operating activities</b>	-	-	-
<b>Net increase in cash and cash equivalents</b>	-	-	-
<b>CASH AND CASH EQUIVALENTS, beginning</b>	-	-	-
<b>CASH AND CASH EQUIVALENTS, ending</b>	\$ -	\$ -	\$ -
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income	\$ -	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Changes in assets and liabilities:			
Increase in due from other funds	(1,672,223)	(1,166,981)	(2,839,204)
Increase in accrued expenses and accounts payable	1,672,223	1,166,981	2,839,204
<b>Net cash provided by (used in) operating activities</b>	\$ -	\$ -	\$ -

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Pension Trusts, Private Purpose  
Trusts and Agency Funds

## **Pension Trusts, Private Purpose Trusts and Agency Funds**

Fiduciary Funds are used to account for assets held in a trustee capacity for others, and include Pension Trusts, Private Purpose Trusts and Agency Funds.

- i. **Pension Trust Funds** – utilize the accrual basis of accounting and are used for the accumulation of resources to be used for retirement benefits. The City's Pension Trust Funds are listed below:

General Employees	Post-1967 Police
Pre-1967 Police	Post-1967 Fire
Pre-1967 Fire	Post-1983 Police

- ii. **Private Purpose Trust Fund** – No restrictions have been placed on this fund by the donors. The City's Private Purpose Trust Fund is the Phoebe M. Harrison Fund which is used to account for funds left in trust to the City for scholarships.

- iii. **Agency Funds** - Agency funds are custodial in nature (assets equal liabilities). The City's Agency Funds are listed below:

**Street Openings Fund** - to account for permits issued by the Public Works Department to contractors or individuals for the opening of a city street (i.e., installation of water line or sewer line). Permit fees range according to the size of the project. Funds are refunded upon completion of a project and approval by the Highway Permit Inspector.

**School Activities Fund** - to account for collections and payments related to educational extracurricular activities at the schools. Financing is provided by individual fund raising projects.

**Danbury High School Scholarship Fund** - to account for funds received through donations for yearly scholarships presented to members of the high school graduating class.

**Downtown Special Services District Fund** - to account for funds received to revitalize and improve the physical appearance of downtown Danbury.

**Security Lease Account** – holds security deposits on airport leases, per the lease agreements.

**Danbury Permits Fund** - to account for funds received for performance bonds issued for construction projects that have received sedimentation/erosion control permits.

**Sugar Hollow Fund** - to account for funds received for Flood Plain permit application relating to engineering work.



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CITY OF DANBURY, CONNECTICUT

STATEMENT OF NET ASSETS - PENSION TRUST FUNDS

June 30, 2008

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,800,412	\$ 378,579	\$ 351,214	\$ 3,374,315
Investments, at fair value				
Common Stock	33,220,403	1,849,381	1,715,702	16,483,722
Bonds and Notes	15,850,580	882,402	818,620	7,864,942
Mutual Funds	21,437,910	1,193,450	1,107,183	10,637,334
Private Hedge Fund	32,333,392	1,800,001	1,669,891	16,043,594
<b>Total investments</b>	<b>102,842,285</b>	<b>5,725,234</b>	<b>5,311,396</b>	<b>51,029,592</b>
Accrued interest and dividends	174,116	9,693	8,992	86,395
Pending sales	447,480	24,911	23,111	222,038
<b>Total assets</b>	<b>110,264,293</b>	<b>6,138,417</b>	<b>5,694,713</b>	<b>54,712,340</b>
<b>LIABILITIES</b>				
Pending purchases	1,880,664	104,697	97,128	933,172
<b>Total liabilities</b>	<b>1,880,664</b>	<b>104,697</b>	<b>97,128</b>	<b>933,172</b>
<b>Net Assets Held in Trust for Pension</b>				
Benefits and Other Purposes	\$ 108,383,629	\$ 6,033,720	\$ 5,597,585	\$ 53,779,168

Post-1967	Post-1983	
Fire	Police	Total
<hr/>		
\$ 3,967,694	\$ 855,258	\$ 15,727,472
<hr/>		
19,382,413	4,177,986	76,829,607
9,248,006	1,993,459	36,658,009
12,507,928	2,696,154	49,579,959
18,864,888	4,066,429	74,778,195
<hr/>		
60,003,235	12,934,028	237,845,770
<hr/>		
101,588	21,898	402,682
261,083	56,278	1,034,901
<hr/>		
64,333,600	13,867,462	255,010,825
<hr/>		
1,097,273	236,523	4,349,457
<hr/>		
1,097,273	236,523	4,349,457
<hr/>		
\$ 63,236,327	\$ 13,630,939	\$ 250,661,368
<hr/>		

CITY OF DANBURY, CONNECTICUT

STATEMENT OF NET ASSETS - PRIVATE PURPOSE TRUST FUND

June 30, 2008

	Phoebe M. Harrison
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,387
<b>Total assets</b>	<b>1,387</b>
<b>LIABILITIES</b>	
Other liabilities	-
<b>Total liabilities</b>	<b>-</b>
<b>Net Assets Held in Trust</b>	<b>\$ 1,387</b>

## CITY OF DANBURY, CONNECTICUT

## STATEMENT OF NET ASSETS - AGENCY FUNDS

June 30, 2008

	Street Openings	School Activities	Danbury High School Scholarship	Downtown Special Services District	Security Lease Account	Danbury Permits	Sugar Hollow	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 846,695	\$ 536,164	\$ 409,163	\$ 76,879	\$ 9,819	\$ 1,368,004	\$ 1,700	\$ 3,248,424
<b>Total assets</b>	846,695	536,164	409,163	76,879	9,819	1,368,004	1,700	3,248,424
<b>LIABILITIES</b>								
Other liabilities	846,695	536,164	409,163	76,879	9,819	1,368,004	1,700	3,248,424
<b>Total liabilities</b>	846,695	536,164	409,163	76,879	9,819	1,368,004	1,700	3,248,424
<b>Net Assets</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF DANBURY, CONNECTICUT

STATEMENT OF CHANGES IN NET ASSETS - PENSION TRUST FUNDS

For the Year Ended June 30, 2008

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
<b>Additions</b>				
Contributions				
Employer	\$ -	\$ 857,000	\$ 910,000	\$ -
Plan members	-	-	-	69,313
<b>Total contributions</b>	-	857,000	910,000	69,313
Investment Income				
Net appreciation (depreciation) in fair value of investments	(7,622,713)	(386,236)	(348,940)	(3,799,431)
Interest and dividends	4,109,293	229,349	203,771	2,058,641
	(3,513,420)	(156,887)	(145,169)	(1,740,790)
Less investment expenses:				
Investment management fees	698,865	40,483	34,492	334,037
<b>Net investment income (loss)</b>	(4,212,285)	(197,370)	(179,661)	(2,074,827)
<b>Total additions</b>	(4,212,285)	659,630	730,339	(2,005,514)
<b>Deductions</b>				
Benefits	5,117,860	1,517,920	1,177,079	3,205,175
<b>Change in net assets</b>	(9,330,145)	(858,290)	(446,740)	(5,210,689)
<b>Net Assets Held in Trust for Pension Benefits and Other Purposes</b>				
Beginning of year	117,713,774	6,892,010	6,044,325	58,989,857
End of year	\$ 108,383,629	\$ 6,033,720	\$ 5,597,585	\$ 53,779,168

Post-1967	Post-1983	
Fire	Police	Total
\$ 885	\$ 865,180	\$ 2,633,065
413,254	389,376	871,943
414,139	1,254,556	3,505,008
(4,463,776)	(866,739)	(17,487,835)
2,389,776	477,592	9,468,422
(2,074,000)	(389,147)	(8,019,413)
385,612	71,191	1,564,680
(2,459,612)	(460,338)	(9,584,093)
(2,045,473)	794,218	(6,079,085)
2,681,644	352,191	14,051,869
(4,727,117)	442,027	(20,130,954)
67,963,444	13,188,912	270,792,322
\$ 63,236,327	\$ 13,630,939	\$ 250,661,368

CITY OF DANBURY, CONNECTICUT

STATEMENT OF CHANGES IN NET ASSETS - PRIVATE PURPOSE TRUST FUND

For the Year Ended June 30, 2008

	Phoebe M. Harrison
<hr/>	
<b>Additions</b>	
Investment Income	
Interest and dividends	\$ 45
<b>Net investment income</b>	<hr/> 45
 <b>Change in net assets</b>	 45
 <b>Net Assets Held in Trust</b>	
Beginning of year	<hr/> 1,342
 End of year	 \$ 1,387
	<hr/> <hr/>



CITY OF DANBURY, CONNECTICUT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

For the Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<b>STREET OPENINGS</b>				
Assets				
Cash	\$ 1,167,645	\$ 224,861	\$ 545,811	\$ 846,695
Liabilities				
Amounts held for others	\$ 1,167,645	\$ 224,861	\$ 545,811	\$ 846,695
<b>SCHOOL ACTIVITIES</b>				
Assets				
Cash	\$ 573,662	\$ 2,088,249	\$ 2,125,747	\$ 536,164
Liabilities				
Amounts held for others	\$ 573,662	\$ 2,088,249	\$ 2,125,747	\$ 536,164
<b>DANBURY HIGH SCHOOL SCHOLARSHIP</b>				
Assets				
Cash	\$ 362,446	\$ 87,186	\$ 40,469	\$ 409,163
Liabilities				
Amounts held for others	\$ 362,446	\$ 87,186	\$ 40,469	\$ 409,163
<b>DOWNTOWN SPECIAL SERVICES</b>				
Assets				
Cash	\$ 54,648	\$ 249,805	\$ 227,574	\$ 76,879
Liabilities				
Amounts held for others	\$ 54,648	\$ 249,805	\$ 227,574	\$ 76,879
<b>SECURITY LEASE ACCOUNT</b>				
Assets				
Cash	\$ 9,377	\$ 2,142	\$ 1,700	\$ 9,819
Liabilities				
Amounts held for others	\$ 9,377	\$ 2,142	\$ 1,700	\$ 9,819

CITY OF DANBURY, CONNECTICUT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES, Continued

AGENCY FUNDS

For the Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<b>DANBURY PERMITS</b>				
<b>Assets</b>				
Cash	\$ 1,326,626	\$ 343,533	\$ 302,155	\$ 1,368,004
<b>Liabilities</b>				
Amounts held for others	\$ 1,326,626	\$ 343,533	\$ 302,155	\$ 1,368,004
<b>SUGAR HOLLOW</b>				
<b>Assets</b>				
Cash	\$ -	\$ 11,100	\$ 9,400	\$ 1,700
<b>Liabilities</b>				
Amounts held for others	\$ -	\$ 11,100	\$ 9,400	\$ 1,700
<b>TOTAL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash	\$ 3,494,404	\$ 3,006,876	\$ 3,252,856	\$ 3,248,424
<b>Liabilities</b>				
Amounts held for others	\$ 3,494,404	\$ 3,006,876	\$ 3,252,856	\$ 3,248,424

Capital Assets Used in the Operation  
of Governmental Funds



CITY OF DANBURY, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -  
SCHEDULE BY CATEGORY

June 30, 2008

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Governmental funds capital assets:

Land	\$ 49,022,128
Land improvements	9,433,825
Buildings and improvements	154,202,288
Machinery and equipment	33,774,408
Infrastructure	121,909,282
Construction in progress	48,524,604
Total governmental funds capital assets	<u>\$ 416,866,535</u>

CITY OF DANBURY, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -  
SCHEDULE BY FUNCTION AND ACTIVITY

June 30, 2008

	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government	\$ 13,379,800	\$ 17,600	\$ 23,011,447	\$ 5,200,757	\$ 783,274	\$ -	\$ 42,392,878
Public Safety	5,545,431	18,700	6,754,362	10,132,059	-	22,530,896	44,981,448
Public Works	19,700	72,283	1,773,963	6,804,996	120,085,604	4,597,213	133,353,759
Health & Welfare	821,100	-	3,625,009	137,614	-	891,332	5,475,055
Education	5,431,900	5,732,392	104,959,151	9,649,165	42,970	18,508,008	144,323,586
Culture and Recreation	23,824,197	3,592,850	14,078,356	1,849,817	997,434	1,997,155	46,339,809
<b>Total</b>	<b>\$ 49,022,128</b>	<b>\$ 9,433,825</b>	<b>\$ 154,202,288</b>	<b>\$ 33,774,408</b>	<b>\$ 121,909,282</b>	<b>\$ 48,524,604</b>	<b>\$ 416,866,535</b>

CITY OF DANBURY, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

For the Year Ended June 30, 2008

	Governmental Funds Capital Assets				Governmental Funds Capital Assets
	July 1, 2007	Additions	Deletions	Transfers	June 30, 2008
General Government	\$ 31,862,753	\$ 10,600,425	\$ (58,000)	\$ (12,300)	\$ 42,392,878
Public Safety	27,250,183	20,791,525	(177,513)	(2,882,747)	44,981,448
Public Works	137,907,455	8,702,741	(1,484,103)	(11,772,334)	133,353,759
Health and Welfare	5,394,353	117,502	(21,000)	(15,800)	5,475,055
Education	131,353,125	13,216,334	(99,613)	(146,260)	144,323,586
Culture and Recreation	44,615,181	2,985,962	-	(1,261,334)	46,339,809
<b>Total</b>	<b>\$ 378,383,050</b>	<b>\$ 56,414,489</b>	<b>\$ (1,840,229)</b>	<b>\$ (16,090,775)</b>	<b>\$ 416,866,535</b>

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Other Schedules



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## CITY OF DANBURY, CONNECTICUT

## SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

## GENERAL FUND

For the Year Ended June 30, 2008

Grand List Year	Taxes Receivable July 1, 2007	Current Levy	Lawful Corrections	Transfers to Suspense	Balance to be Collected
2006	\$ -	\$ 139,970,874	\$ (339,915)	\$ -	\$ 139,630,959
2005	1,876,605	-	78,153	-	1,954,758
2004	751,603	-	73,800	-	825,403
2003	637,035	-	41,962	-	678,997
2002	521,806	-	(11,835)	-	509,971
2001	448,931	-	(17,204)	-	431,727
2000	388,064	-	(15,960)	-	372,104
1999	377,804	-	(18,003)	-	359,801
1998	280,033	-	(9,581)	(207,040)	63,412
1997	3,542	-	-	(58)	3,484
1996	3,362	-	-	-	3,362
1995	52	-	-	-	52
1994	52	-	-	-	52
1993	53	-	-	-	53
1992	50	-	-	-	50
1991	16	-	-	-	16
	5,289,008	139,970,874	(218,583)	(207,098)	144,834,201
Less allowance:	(1,500,000)	-	-	-	(1,500,000)
	\$ 3,789,008	\$ 139,970,874	\$ (218,583)	\$ (207,098)	\$ 143,334,201

Taxes		Interest		Lien Fees	Total	Taxes Receivable June 30, 2008			
\$	137,492,791	\$	398,549	\$	576	\$	137,891,916	\$	2,138,168
	1,247,525		216,819		12,784		1,477,128		707,233
	167,659		89,707		622		257,988		657,744
	83,415		58,380		221		142,016		595,582
	42,878		44,211		24		87,113		467,093
	32,190		46,573		96		78,859		399,537
	26,806		43,452		48		70,306		345,298
	30,395		56,466		63		86,924		329,406
	23,907		47,980		48		71,935		39,505
	-		31,651		-		31,651		3,484
	-		37,056		-		37,056		3,362
	-		33,053		-		33,053		52
	-		24,758		-		24,758		52
	-		22,248		-		22,248		53
	-		12,478		-		12,478		50
	-		-		-		-		16
	139,147,566		1,163,381		14,482		140,325,429		5,686,635
	-		-		-		-		(1,500,000)
\$	139,147,566	\$	1,163,381	\$	14,482	\$	140,325,429	\$	4,186,635

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Statistical Section

## *Statistical Section*

This part of the City of Danbury, Connecticut's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### **Contents**

#### *Financial Trends*

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. 117

#### *Revenue Capacity*

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. 126

#### *Debt Capacity*

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. 132

#### *Demographic and Economic Information*

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. 137

#### *Operating Information*

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. 142



# CITY OF DANBURY, CONNECTICUT

## Net Assets By Component

### Last Seven Fiscal Years

*(accrual basis of accounting)*

	Fiscal Year (\$ in 000's)						
	2002	2003	2004	2005	2006	2007	2008
Governmental activities:							
Invested in capital assets,							
net of related debt	\$ 106,099	\$ 103,874	\$ 105,468	\$ 115,002	\$ 136,424	\$ 140,826	\$ 140,361
Restricted	1,477	1,477	1,477	1,519	1,394	1,399	1,394
Unrestricted	7,796	11,463	6,619	17,675	15,317	22,130	13,679
<b>Total governmental activities</b>							
<b>net assets</b>	<b>\$ 115,372</b>	<b>\$ 116,814</b>	<b>\$ 113,564</b>	<b>\$ 134,196</b>	<b>\$ 153,135</b>	<b>\$ 164,355</b>	<b>\$ 155,434</b>
Business-type activities:							
Invested in capital assets,							
net of related debt	\$ 92,199	\$ 95,715	\$ 87,726	\$ 100,416	\$ 101,952	\$ 101,853	\$ 110,836
Unrestricted	118	(1,945)	6,477	(123)	7,619	15,525	14,693
<b>Total business-type activities</b>							
<b>net assets</b>	<b>\$ 92,317</b>	<b>\$ 93,770</b>	<b>\$ 94,203</b>	<b>\$ 100,293</b>	<b>\$ 109,571</b>	<b>\$ 117,378</b>	<b>\$ 125,529</b>
Primary government:							
Invested in capital assets,							
net of related debt	\$ 198,298	\$ 199,589	\$ 193,194	\$ 215,418	\$ 238,376	\$ 242,679	\$ 251,197
Restricted	1,477	1,477	1,477	1,519	1,394	1,399	1,394
Unrestricted	7,914	9,518	13,096	17,552	22,936	37,655	28,372
<b>Total primary government</b>							
<b>net assets</b>	<b>\$ 207,689</b>	<b>\$ 210,584</b>	<b>\$ 207,767</b>	<b>\$ 234,489</b>	<b>\$ 262,706</b>	<b>\$ 281,733</b>	<b>\$ 280,963</b>

GASB Statement No. 34 Implemented in Fiscal Year 2002

Source: City CAFR.

## CITY OF DANBURY, CONNECTICUT

## Changes In Net Assets

## Last Seven Fiscal Years

*(accrual basis of accounting)*

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Expenses:							
Governmental activities:							
General Government	\$ 13,378,305	\$ 10,942,508	\$ 8,809,222	\$ 12,498,553	\$ 12,816,880	\$ 12,302,755	\$ 13,961,569
Public Safety	32,214,639	33,710,512	36,648,212	37,382,960	39,411,913	41,643,491	48,028,046
Public Works	7,758,508	10,178,026	9,290,186	11,246,585	12,292,573	14,733,747	21,667,733
Health and welfare	3,981,692	5,281,532	4,884,608	5,734,941	6,143,955	4,431,065	6,179,952
Culture and Recreation	3,553,000	5,662,056	5,085,626	4,516,159	4,425,455	4,924,517	5,490,443
Education	101,072,076	104,143,757	109,575,356	114,075,223	123,823,970	122,426,721	139,538,575
Other	1,701,559	746,206	1,117,770	1,632,640	1,004,811	39,999	-
Interest on long-term debt	2,193,884	2,664,230	3,183,369	3,696,603	3,100,300	3,086,056	5,117,557
<b>Total governmental activities expenses</b>	<b>165,853,663</b>	<b>173,328,827</b>	<b>178,594,349</b>	<b>190,783,664</b>	<b>203,019,857</b>	<b>203,588,351</b>	<b>239,983,875</b>
Business-type activities:							
Sewer	6,950,472	7,679,746	7,932,356	8,475,896	8,408,066	8,651,216	9,792,295
Water	5,150,904	5,452,025	5,685,209	5,542,891	5,832,384	6,424,495	7,158,381
<b>Total business-type activities expenses</b>	<b>12,101,376</b>	<b>13,131,771</b>	<b>13,617,565</b>	<b>14,018,787</b>	<b>14,240,450</b>	<b>15,075,711</b>	<b>16,950,676</b>
<b>Total primary government expenses</b>	<b>177,955,039</b>	<b>186,460,598</b>	<b>192,211,914</b>	<b>204,802,451</b>	<b>217,260,307</b>	<b>218,664,062</b>	<b>256,934,551</b>
Program revenue:							
Governmental activities:							
Charges for services:							
General Government	5,948,658	7,347,101	7,331,519	8,679,296	10,069,734	9,237,329	8,119,461
Public safety	2,420,439	96,414	169,473	146,526	403,675	358,545	387,935
Public works	-	-	-	-	-	-	56,745
Health and welfare	10,925	1,283,469	3,358,228	3,610,813	3,619,202	2,295,664	2,355,045
Culture and Recreation	1,453,299	19,580	-	-	-	-	-
Education	360,183	5,108,799	5,153,043	5,281,664	8,950,343	9,250,052	3,009,421
Other	5,525,321	-	49,525	148,575	148,575	148,575	-
Interest on long-term debt	552,047	-	-	-	-	-	-
Operating grants and contributions:							
General Government	2,422,881	1,011,704	1,177,337	1,439,858	747,267	1,040,448	1,900,287
Public safety	1,047,103	290,982	761,254	243,419	492,472	240,056	589,436
Public works	572,273	283,586	176,203	398,753	4,884,441	3,428,076	4,209,442
Health and welfare	1,149,550	1,062,837	996,196	894,121	671,172	710,770	2,729,216
Culture and Recreation	354,328	381,184	192,262	280,916	388,621	384,633	225,828
Education	31,596,512	32,904,861	33,106,479	38,480,093	33,844,639	36,347,683	55,236,978
Capital grants and contributions:							
General government	232,326	512,983	437,775	528,074	333,950	404,946	450,010
Public safety	273,508	21,421	60,564	-	-	-	-
Public works	-	275,908	1,261,190	1,124,567	-	-	117,199
Culture and recreation	24,301	-	7,563,300	4,440,124	404,713	397,674	-
Education	633,153	1,078,385	1,719,813	-	17,632,102	2,765,187	1,039,640
<b>Total governmental activities program revenue</b>	<b>54,576,807</b>	<b>51,679,214</b>	<b>63,514,161</b>	<b>65,696,799</b>	<b>82,590,906</b>	<b>67,009,638</b>	<b>80,426,643</b>

Source: City CAFR.

## CITY OF DANBURY, CONNECTICUT

Changes In Net Assets, Continued  
 Last Seven Fiscal Years  
*(accrual basis of accounting)*

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Business-type activities:							
Charges for services:							
Sewer	8,491,215	7,197,995	8,013,875	10,209,355	10,489,592	11,865,132	9,888,001
Water	4,055,753	4,280,950	5,254,670	6,724,942	9,409,315	8,235,807	8,344,079
Operating grants and contributions:							
Sewer	66,884	631,320	-	-	-	-	-
Water	99,000	179,215	-	-	-	-	-
Capital grants and contributions:							
Sewer	1,139,145	756,051	200,952	910,945	1,565,618	408,090	1,466,330
Water	2,784,625	1,126,556	184,604	1,768,890	1,336,408	1,676,546	4,689,422
<b>Total business-type activities</b>							
<b>program revenues</b>	16,636,622	14,172,087	13,654,101	19,614,132	22,800,933	22,185,575	24,387,832
<b>Total primary government</b>							
<b>program revenues</b>	71,213,429	65,851,301	77,168,262	85,310,931	105,391,839	89,195,213	104,814,475
Net (expense) revenue:							
Governmental activities	(111,276,856)	(121,649,613)	(115,080,188)	(125,086,865)	(120,428,951)	(136,578,713)	(159,557,232)
Business-type activities	4,535,246	1,040,316	36,536	5,595,345	8,560,483	7,109,864	7,437,156
<b>Total primary government</b>							
<b>net expense</b>	(106,741,610)	(120,609,297)	(115,043,652)	(119,491,520)	(111,868,468)	(129,468,849)	(152,120,076)
General revenues and other changes in net assets:							
Governmental activities:							
Property taxes	109,623,334	115,197,914	119,765,722	127,888,936	129,588,158	136,344,851	140,195,658
Grants and contributions not restricted to							
specific programs	8,850,406	7,726,595	6,993,752	16,494,489	7,496,197	7,541,729	7,205,184
Investment earnings	445,257	249,626	437,402	1,335,962	2,283,695	3,387,158	3,760,101
Loss on disposal of capital assets	-	(82,470)	(955,327)	-	-	-	-
<b>Total governmental activities</b>	118,918,997	123,091,665	126,241,549	145,719,387	139,368,050	147,273,738	151,160,943
Business-type activities:							
Grants and contributions not restricted to							
specific programs	732,427	-	-	-	-	-	-
Investment earnings	427,492	411,795	396,771	494,876	716,765	697,346	714,594
<b>Total business-type activities</b>	1,159,919	411,795	396,771	494,876	716,765	697,346	714,594
<b>Total primary government</b>	120,078,916	123,503,460	126,638,320	146,214,263	140,084,815	147,971,084	151,875,537
Changes in net assets:							
Governmental activities	7,642,141	1,442,052	11,161,361	20,632,522	18,939,099	10,695,025	(8,396,289)
Business-type activities	5,695,165	1,452,111	433,307	6,090,221	9,277,248	7,807,210	8,151,750
<b>Total primary government</b>	<u>\$ 13,337,306</u>	<u>\$ 2,894,163</u>	<u>\$ 11,594,668</u>	<u>\$ 26,722,743</u>	<u>\$ 28,216,347</u>	<u>\$ 18,502,235</u>	<u>\$ (244,539)</u>

## CITY OF DANBURY, CONNECTICUT

## Program Revenues by Function/Program

Last Seven Fiscal Years\*

*(accrual basis of accounting)*

Function / Program	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Governmental activities:							
General Government	\$ 8,603,865	\$ 8,871,788	\$ 8,946,631	\$ 10,647,228	\$ 11,150,951	\$ 10,682,723	\$ 10,469,758
Public safety	3,741,050	408,817	991,291	389,945	896,147	598,601	977,371
Public works	583,198	559,494	1,437,393	1,523,320	4,884,441	3,428,076	4,383,386
Health and welfare	2,602,849	2,346,306	4,354,424	4,504,934	4,290,374	3,006,434	5,084,261
Culture and Recreation	738,812	400,764	7,755,562	4,721,040	793,334	782,307	225,828
Education	37,754,986	39,092,045	39,979,335	43,761,757	63,256,965	48,362,922	59,286,039
Other	552,047	-	49,525	148,575	148,575	148,575	-
<b>Total governmental activities</b>	<b>54,576,807</b>	<b>51,679,214</b>	<b>63,514,161</b>	<b>65,696,799</b>	<b>85,420,787</b>	<b>67,009,638</b>	<b>80,426,643</b>
Business-type activities:							
Water	6,939,378	5,586,721	5,439,274	8,493,832	10,745,723	9,912,353	13,033,501
Sewer	9,697,244	8,585,366	8,214,827	11,120,300	12,055,210	12,273,222	11,354,331
<b>Total business-type activities</b>	<b>16,636,622</b>	<b>14,172,087</b>	<b>13,654,101</b>	<b>19,614,132</b>	<b>22,800,933</b>	<b>22,185,575</b>	<b>24,387,832</b>
<b>Total government</b>	<b>\$ 71,213,429</b>	<b>\$ 65,851,301</b>	<b>\$ 77,168,262</b>	<b>\$ 85,310,931</b>	<b>\$ 108,221,720</b>	<b>\$ 89,195,213</b>	<b>\$ 104,814,475</b>

GASB Statement No. 34 implemented in fiscal year 2002.

Source: City CAFR.

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## CITY OF DANBURY, CONNECTICUT

## Fund Balances, Governmental Funds

## Last Ten Fiscal Years

*(modified accrual basis of accounting)*

	Fiscal Year			
	1999	2000	2001	2002
General Fund:				
Reserved	\$ 3,343,860	\$ 3,129,235	\$ 2,037,841	\$ 788,134
Unreserved	9,853,325	7,135,325	6,064,400	11,406,086
<b>Total General Fund</b>	<b>\$ 13,197,185</b>	<b>\$ 10,264,560</b>	<b>\$ 8,102,241</b>	<b>\$ 12,194,220</b>
All Other Governmental Funds:				
Reserved	\$ 1,457,896	\$ 6,782,845	\$ 4,456,449	\$ 1,781,367
Unreserved, reported in:				
Special revenue funds	592,270	703,435	952,243	1,437,016
Capital projects funds	80,229	(7,187,845)	(13,419,639)	(1,047,571)
Permanent fund	-	-	50,760	57,062
<b>Total all other government funds</b>	<b>\$ 2,130,395</b>	<b>\$ 298,435</b>	<b>\$ (7,960,187)</b>	<b>\$ 2,227,874</b>

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Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 1,576,475	\$ 1,080,103	\$ 1,697,289	\$ 1,348,297	\$ 6,915,844	\$ 5,205,086
11,216,189	11,761,929	18,228,923	22,959,075	21,403,829	21,776,017
\$ 12,792,664	\$ 12,842,032	\$ 19,926,212	\$ 24,307,372	\$ 28,319,673	\$ 26,981,103
<hr/>					
\$ 1,546,726	\$ 1,531,958	\$ 2,521,632	\$ 17,235,283	\$ 50,395,006	\$ 26,264,651
1,642,245	1,364,284	2,229,784	1,174,142	2,981,388	(1,530,426)
(766,181)	(841,881)	(1,011,174)	(19,904,624)	(46,859,686)	(32,563,480)
54,189	20,050	41,834	210,205	286,374	350,742
<hr/>					
\$ 2,476,979	\$ 2,074,411	\$ 3,782,076	\$ (1,284,994)	\$ 6,803,082	\$ (7,478,513)

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## CITY OF DANBURY, CONNECTICUT

## Changes In Fund Balances, Governmental Funds

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

	Fiscal Year			
	1999	2000	2001	2002
Revenues:				
Property taxes, interest and liens, net	\$ 88,430,049	\$ 96,821,385	\$ 101,866,512	\$ 109,011,992
Intergovernmental	44,631,079	45,823,871	49,076,212	50,225,184
Licenses and permits	2,228,733	1,998,727	2,247,033	3,782,967
Charges for services	6,154,012	7,431,874	8,981,137	8,932,383
Fines and penalties	785,519	692,225	1,135,939	1,194,685
Interest and dividends	1,080,193	818,445	866,908	474,148
Other	4,218	19,176	64,250	533,620
Installment sale proceeds	-	-	-	-
<b>Total revenues</b>	<b>143,313,803</b>	<b>153,605,703</b>	<b>164,237,991</b>	<b>174,154,979</b>
Expenditures:				
General Government	10,742,321	10,395,415	12,653,610	11,977,569
Public safety	17,578,926	20,191,377	20,854,872	21,893,208
Public works	5,197,813	5,303,773	5,624,435	5,778,129
Health and welfare	1,269,738	1,316,862	1,320,489	1,418,757
Culture and Recreation	3,178,604	3,307,005	3,581,145	3,776,041
State & Federal Programs	15,021,159	15,640,417	15,006,761	18,170,175
Education	72,996,443	76,312,263	78,012,768	81,568,606
Pension and Other Employee Benefits	12,945,985	12,345,950	13,341,314	14,184,620
General and administrative	-	-	-	-
Capital outlay	9,304,853	5,443,392	15,552,856	11,984,109
Other	2,786,403	2,653,518	2,301,176	2,146,876
Debt service:				
Principal	4,327,112	4,677,112	5,307,112	4,472,112
Interest and other charges	3,089,595	2,947,090	2,757,677	2,445,012
<b>Total expenditures</b>	<b>158,438,952</b>	<b>160,534,174</b>	<b>176,314,215</b>	<b>179,815,214</b>
<b>Excess of revenues (under) expenditures</b>	<b>(15,125,149)</b>	<b>(6,928,471)</b>	<b>(12,076,224)</b>	<b>(5,660,235)</b>
Other financing sources (uses):				
Transfers in	831,368	744,869	2,505,311	891,291
Transfers out	(831,368)	(744,869)	(1,657,311)	(891,291)
Issuance of long-term debt	10,100,000	-	-	11,792,000
Issuance of bond anticipation notes	4,750,000	1,500,000	-	-
Repayment of bond anticipation notes	-	-	-	-
Proceeds of refunding bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Premium (discount) on long-term debt	-	-	-	-
Loan Proceeds	-	-	-	-
Lease Financing	3,201,500	663,886	796,523	1,123,620
<b>Total other financing sources (uses)</b>	<b>18,051,500</b>	<b>2,163,886</b>	<b>1,644,523</b>	<b>12,915,620</b>
<b>Net changes in fund balance</b>	<b>\$ 2,926,351</b>	<b>\$ (4,764,585)</b>	<b>\$ (10,431,701)</b>	<b>\$ 7,255,385</b>
Debt service as a percentage of noncapital expenditures	5.2%	5.2%	5.3%	4.3%



Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 114,944,665	\$ 119,645,762	\$ 128,472,290	\$ 128,855,805	\$ 133,943,860	\$ 139,210,955
47,651,256	50,623,295	54,169,459	69,473,699	60,140,780	70,240,583
2,563,553	4,060,155	5,409,824	6,119,885	4,921,896	3,908,131
8,767,480	7,716,872	8,406,607	9,130,663	9,236,606	11,850,608
1,004,335	1,210,448	984,552	1,222,113	1,330,121	1,325,037
274,676	467,277	1,368,920	2,357,383	3,483,455	3,838,758
587,040	625,528	497,721	752,385	514,844	842,558
-	-	2,625,000	2,625,000	2,625,000	-
175,793,005	184,349,337	201,934,373	220,536,933	216,196,562	231,216,630
8,409,966	8,780,297	8,796,865	8,772,110	9,248,019	10,824,635
23,346,273	23,288,592	23,268,264	26,673,001	27,493,478	30,778,325
6,200,904	7,411,398	7,698,331	8,139,775	8,383,455	12,704,006
1,449,139	6,786,471	6,325,270	5,928,717	4,153,905	6,214,422
3,933,541	4,146,224	3,903,134	3,160,072	3,206,705	3,296,714
19,512,783	-	-	-	-	-
83,887,723	106,145,585	114,626,317	121,160,848	126,004,516	137,525,529
15,529,121	17,506,130	19,073,801	18,596,490	16,970,377	19,662,590
-	-	-	-	-	-
12,932,783	6,318,802	15,122,696	34,966,659	27,775,383	42,901,902
2,248,533	1,560,649	896,108	-	-	-
5,124,462	5,074,461	6,322,511	5,600,612	5,672,350	6,599,850
2,668,995	2,219,285	2,877,558	2,668,668	3,136,734	3,855,922
185,244,223	189,237,894	208,910,855	235,666,952	232,044,922	274,363,895
(9,451,218)	(4,888,557)	(6,976,482)	(15,130,019)	(15,848,360)	(43,147,265)
1,027,836	1,412,879	682,468	713,880	2,237,551	721,184
(1,027,836)	(1,412,879)	(682,468)	(713,880)	(2,237,551)	(721,184)
-	-	3,615,000	15,888,000	18,302,000	-
12,320,000	4,220,000	10,202,000	10,202,000	24,357,500	17,026,950
-	-	(3,615,000)	(10,202,000)	(15,650,000)	(18,302,000)
1,190,000	14,048,000	-	-	-	23,480,000
(1,177,816)	(14,955,050)	-	-	-	-
50,527	1,188,599	-	745,035	313,112	288,200
-	-	1,500,000	-	-	-
2,023,824	1,913,468	1,156,397	239,398	721,128	5,033,950
14,406,535	6,415,017	12,858,397	16,872,433	28,043,740	27,527,100
\$ 4,955,317	\$ 1,526,460	\$ 5,881,915	\$ 1,742,414	\$ 12,195,380	\$ (15,620,165)
4.7%	4.2%	5.0%	4.3%	4.5%	4.7%

CITY OF DANBURY, CONNECTICUT

Tax Revenues by Source, Governmental Funds

Last Eight Fiscal Years

*(modified accrual basis of accounting)*

(Unaudited)

Fiscal Year	Real Estate	Motor Vehicle	Personal Property	Total
2001	\$ 85,969,916	\$ 8,909,949	\$ 7,250,777	\$ 102,130,642
2002	91,467,114	10,263,055	7,861,247	109,591,416
2003	95,831,867	10,742,408	8,551,789	115,126,064
2004	100,768,923	10,993,511	8,931,597	120,694,031
2005	109,455,785	11,064,635	8,230,210	128,750,630
2006	110,475,760	11,038,162	8,120,338	129,634,260
2007	114,768,625	11,040,846	7,918,381	133,727,852
2008	118,834,061	10,472,507	8,186,224	137,492,792
Change 2001-2008	38%	18%	13%	35%

Source: City records.

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CITY OF DANBURY, CONNECTICUT

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Real Property				Miscellaneous Land	Personal Property	Motor Vehicle
	Residential	Commercial	Industrial				
1999	\$ 2,556,139,390	\$ 1,139,562,100	\$ 231,078,900		\$ 63,254,000	\$ 302,770,730	\$ 294,477,120
2000	2,579,573,190	1,172,959,500	231,406,000		58,092,600	312,155,480	312,862,540
2001	2,333,980,800	1,061,299,700	264,548,900		50,114,450	338,053,100	346,765,170
2002	2,354,721,650	1,146,247,200	266,237,800		221,800	327,611,540	373,272,300
2003	2,409,642,150	1,158,498,600	267,362,000		243,900	334,632,140	391,644,580
2004	2,583,763,610	1,247,507,800	322,041,800		515,900	330,035,330	408,352,010
2005	2,915,705,960	1,233,618,100	319,303,100		376,300	329,968,950	401,484,930
2006	3,279,814,730	1,246,110,000	325,550,600		792,400	342,432,340	441,104,225
2007	3,688,875,780	1,280,991,100	321,574,700		793,800	357,497,870	453,490,220
2008	3,789,927,800	1,331,341,420	333,599,810		1,061,600	373,994,650	449,235,730

Source: City Records

**Note:** The above information presents the information for each period for which it is levied. A tax levy provides taxes remitted in the following year. There are no overlapping governments that collect property taxes from City residents.

(1) The General Statutes of Connecticut §12-62a establishes as uniform assessment percentage of 70% of the actual assessed value.

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Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value (1)
\$ 4,457,282,240	0.60%	19.13	\$ 6,367,546,057	70.00%
4,667,049,310	4.71%	20.78	6,667,213,300	70.00%
4,394,762,120	-5.83%	23.19	6,278,231,600	70.00%
4,468,312,290	1.67%	24.30	6,383,303,271	70.00%
4,562,023,370	2.10%	25.24	6,517,176,243	70.00%
4,892,216,450	7.24%	24.59	6,988,880,643	70.00%
5,200,457,340	6.30%	24.86	7,429,224,771	70.00%
5,635,804,295	8.37%	23.03	8,051,148,993	70.00%
6,103,223,470	8.29%	22.20	8,718,890,671	70.00%
<b>6,279,161,010</b>	<b>2.88%</b>	<b>22.20</b>	<b>8,970,230,014</b>	<b>70.00%</b>

## CITY OF DANBURY, CONNECTICUT

Principal Property Taxpayers  
Current Year and Nine Years Ago  
(Unaudited)

Taxpayer	2008			1999		
	Taxable Assessed Value <sup>1</sup>	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Danbury Mall Associates	\$ 133,602,320	1	2.14%	\$ 71,338,050	2	1.55%
Danbury Buildings, Inc.	90,828,750	2	1.45	234,779,980	1	5.12
Boehringer-Ingelheim	56,441,910	3	0.90	48,165,580	4	1.05
Avolonbay Communities, Inc.	41,702,630	4	0.67	-	N/A	N/A
Connecticut Light & Power	37,136,610	5	0.59	23,935,210	7	0.52
Melvyn, Mary & Seymour Powers						
Danbury Industrial Corp & MMP Realty	35,845,610	6	0.57	59,022,850	3	1.29
WCI Communities, Inc.	33,914,900	7	0.54		N/A	
BF Goodrich Aerospace	28,153,130	8	0.45	28,351,210	5	0.62
Hawley, Ervie, Germantown Plaza Assoc. & Germantown Medical Center	28,139,770	9	0.45	25,153,410	6	0.55
Ethan Allen Inn/Lake Avenue Associates	22,039,220	10	0.35	15,220,610	9	0.33
<b>Total</b>	<b>\$ 507,804,850</b>		<b>8.12%</b>	<b>\$ 505,966,900</b>		<b>11.28%</b>

Source: City Records

CITY OF DANBURY, CONNECTICUT

Property Tax Levies And Collections  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year Ended June 30:	Grand List Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
1999	1997	\$ 87,189,876	\$ 85,097,319	97.60	\$ 2,089,015	\$ 87,186,334	100.00%
2000	1998	96,977,466	95,619,781	98.60	1,101,559	96,721,340	99.74%
2001	1999	101,895,249	99,857,344	98.00	1,690,496	101,547,840	99.66%
2002	2000	108,588,084	107,176,438	98.70	1,050,388	108,226,826	99.67%
2003	2001	115,150,456	113,192,898	98.30	1,540,817	114,733,715	99.64%
2004	2002	118,824,972	117,993,198	99.30	313,507	118,306,705	99.56%
2005	2003	128,446,048	126,519,357	98.50	191,570	126,710,927	98.65%
2006	2004	128,951,428	127,017,517	98.50	724,587	127,742,104	99.06%
2007	2005	134,112,457	132,134,830	98.53	1,247,525	133,382,355	99.46%
2008	2006	138,522,443	137,492,791	99.26	-	137,492,791	99.26%

Source: City of Danbury Tax Records

# CITY OF DANBURY, CONNECTICUT

## Ratios of Outstanding Debt by Type Last Ten Fiscal Years (Unaudited)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Total Debt Per Capita <sup>(3)</sup>
	Net Bonded Debt	Capital <sup>(1)</sup> Leases	Ratio of Net Bonded Debt to Est. Actu: Taxable Value	Debt Per Capita	CWF <sup>(2)</sup> Notes Payable	General Obligation Bonds			
1999	\$ 53,410,000	\$ 5,660,918	0.84%	897	\$ 36,442,750	\$ 25,895,000	\$ 121,408,668	7.53%	\$ 1,844
2000	52,320,000	4,936,413	0.78%	765	33,823,369	27,075,000	\$ 118,154,782	6.44%	1,579
2001	47,600,000	3,966,015	0.76%	686	31,203,987	25,520,000	\$ 108,290,002	5.88%	1,441
2002	55,007,000	3,417,069	0.86%	767	28,584,605	24,918,000	\$ 111,926,674	5.99%	1,467
2003	50,009,500	3,624,928	0.77%	701	25,965,223	23,315,000	\$ 102,914,651	5.48%	1,341
2004	58,126,800	3,496,381	0.83%	796	23,345,842	21,873,200	\$ 106,842,223	5.61%	1,374
2005	56,009,450	3,451,078	0.75%	768	20,726,460	21,595,400	\$ 101,782,388	5.34%	1,307
2006	60,967,100	2,574,247	0.76%	815	18,107,078	20,452,900	\$ 102,101,325	4.26%	1,300
2007	79,652,250	2,097,605	0.91%	1,038	15,487,697	26,027,750	\$ 123,265,302	4.60%	1,555
2008	96,532,400	6,063,439	1.08%	1,295	12,868,315	28,807,600	\$ 144,271,754	5.38%	1,821

**Note:** The City has no revenue bonds.

**Note:** Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

<sup>1</sup> Capital leases for the City and BOE were not added prior to June 30, 2007

<sup>2</sup> Notes Payable issued under the Clean Water Program thru the State of Connecticut, final maturity date January 31, 2014

<sup>3</sup> See the schedule of Demographic and Economic Statistic on page 129 for personal income and population data.



CITY OF DANBURY, CONNECTICUT

Direct Governmental Activities Debt  
For the Year Ended June 30, 2008  
(Unaudited)

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Governmental Unit	Debt Outstanding
General obligation debt	\$ 96,352,400
Less school construction grants receivable - principal portion only	<u>5,311,863</u>
<b>Total direct debt</b>	<b><u>\$ 91,040,537</u></b>

\*No overlapping debt.

Sources: City Records.

Note: The City is not subject to the debt of overlapping governments.

Note: School construction grants are receivable in substantially equal installments over the life of outstanding school bonds, obtained from Office of Policy and Management, State of Connecticut.

# CITY OF DANBURY, CONNECTICUT

## Legal Debt Margin Information

Last Ten Fiscal Years

*(dollars in thousands)*

(Unaudited)

	1999	2000	2001	2002
Debt limit	\$ 627,000	\$ 686,107	\$ 725,421	\$ 773,947
Total net debt applicable to limit	53,368	50,542	55,199	59,411
Legal debt margin	573,632	635,565	670,222	714,536
Total net debt applicable to the limit as a percentage of debt limit	9.30%	7.95%	8.24%	8.31%

2003		2004		2005		2006		2007		2008	
\$	813,688	\$	852,713	\$	900,490	\$	902,119	\$	947,064	\$	984,120
	61,598		91,110		86,554		77,042		71,737		73,858
	752,090		761,603		813,936		825,077		875,327		910,262
	8.19%		11.96%		10.63%		9.34%		8.20%		8.11%

## CITY OF DANBURY, CONNECTICUT

## COMPUTATION OF LEGAL DEBT LIMITATION

June 30, 2008

Total tax collections (including interest and lien fees) for the year ended June 30, 2008						\$	140,195,658
Reimbursement for revenue loss:							
Tax relief for elderly							392,921
Base						\$	140,588,579
Debt limit						\$	984,120,053
Debt Limitation	General Purpose	Schools	Sewer & Water	Urban Renewal	Unfunded Pension Benefit Obligation		
2-1/4 times base	\$ 316,324,303	\$ -	\$ -	\$ -	\$ -		
4-1/2 times base	-	632,648,606	-	-	-		
3-3/4 times base	-	-	527,207,170	-	-		
3-1/4 times base	-	-	-	456,912,882	-		
3 times base	-	-	-	-	421,765,737		
Total debt limitation	316,324,303	632,648,606	527,207,170	456,912,882	421,765,737		
Debt as defined by statute:							
Bonds payable	73,858,400	22,674,000	41,675,914	1,238,000	-		
Bond anticipation notes payable	52,670,000	919,000	12,491,000	-	-		
Capital leases	1,147,226	4,916,213	-	-	-		
Bonds authorized but not issued, issue dates not yet established	25,803,900	2,409,000	6,222,040	-	-		
Total indebtedness	153,479,526	30,918,213	60,388,954	1,238,000	-		
Debt Limitation in excess of indebtedness						\$	162,844,777
						\$	601,730,393
						\$	466,818,216
						\$	455,674,882
						\$	421,765,737

Note: Total overall statutory debt limit for the City is equal to seven times annual receipts from taxation.

# CITY OF DANBURY, CONNECTICUT

## Demographic and Economic Statistics

### Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended June 30	Population **	Personal Income (000s)	Personal (1) Income Per Capita	Median Age	School Enrollment	Unemployment(*) Rate
1999	65,829	1,612,811	24,500	33	8,926	2.9%
2000	74,848	1,833,776	24,500	33	9,151	1.8%
2001	75,139	1,840,906	24,500	33	9,370	3.0%
2002	76,185	1,866,533	24,500	33	9,567	3.9%
2003	76,499	1,874,226	24,500	35	9,561	4.4%
2004	77,431	1,897,060	24,500	35.2	9,587	3.6%
2005	77,449	1,897,501	24,500	35.2	9,668	4.1%
2006	78,008	2,384,080	30,562	35.2	9,721	4.0%
2007	78,760	2,664,766	33,834	35.2	9,983	3.6%
<b>2008</b>	<b>79,226</b>	<b>2,680,532</b>	<b>33,834</b>	<b>39</b>	<b>10,119</b>	<b>4.5%</b>

Sources: City Records

(\*) Source: Connecticut Department of Labor, By Town, Not Seasonally Adjusted.

(\*\*) Source: U.S Census Bureau estimates

(1) 2006 & 2007 U.S. Census Bureau adjusted for inflation

# CITY OF DANBURY, CONNECTICUT

## Principal Employers Current Year and Nine Years Ago (Unaudited)

Employer	2008			1999		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Boehringer-Ingelheim Pharmaceuticals	2,893	1	6.60%	-	N/A	N/A
Danbury Hospital (excluding affiliates)	2,253	2	5.14%	2,771	1	7.98%
Cartus (formerly Cendant Mobility)	1,548	3	3.53%	1,529	2	4.40%
Danbury School Systems	1,548	4	3.53%	1,167	3	3.36%
G.E. Capital	1,003	5	2.29%	1,148	4	3.30%
Western CT State University	619	6	1.41%	-	N/A	N/A
City of Danbury General Government	589	7	1.34%	521	8	1.50%
B. F. Goodrich	488	8	1.11%	559	7	1.61%
Pitney Bowes, Inc.	482	9	1.10%	450	10	1.30%
Barden Corporation	431	10	0.98%	455	9	1.31%

Sources: Greater Danbury Chamber of Commerce

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## CITY OF DANBURY, CONNECTICUT

Full-Time Equivalent City Government Employees By Functions/Programs  
 Last Ten Fiscal Years  
 (Unaudited)

Functions/Program	Full-Time Equivalent Employees as of June 30				
	2008	2007	2006	2005	2004
Governmental Services:					
Legislative	-	-	1	1	1
Mayor's Office	6	6	6	6	6
City Clerk	1	1	1	1	1
Registrars/Jury Committee	2	2	2	2	2
Finance/Insurance	14	15	15	15	14
Info Technology	4	4	4	4	4
Assessments	8	11	11	11	10
Tax Collector	11	11	11	11	11
Purchasing	3	3	3	3	3
Corporation Counsel (Legal)	3	4	4	4	4
Town Clerk	7	7	7	7	7
Permit Coordination	6	6	6	6	4
Building/ Civil Prep	9	9	9	8	10
Planning	6	6	7	7	7
Public Bldgs (Facilities Management)	16	14	14	14	14
Economic Development	1	1	1	1	-
Personnel	2	2	2	2	3
Recreation:					
General & Administrative	2	2	2	2	4
Parks	-	-	-	-	22
Forestry	-	-	-	-	-
Police:					
Officers	158	155	155	155	154
Civilians	8	8	6	6	6
Fire:					
Firefighters and Officers	127	108	109	109	108
Civilians	2	2	2	2	2
Public Works:					
Administration	6	7	6	6	5
Equipment Maintenance	7	7	7	7	7
Park Maintenance	18	19	19	19	-
Forestry	6	4	4	4	-
Street Sweeping, Snow Removal	22	23	23	23	23
Street Maintenance & Lighting	21	16	15	15	15
Recycling/Solid Waste	-	-	-	-	-
Traffic Control (Engineering)	3	3	3	3	3
Water:					
Administration	7	6	5	5	5
Transmission	21	16	16	15	16
Purification	12	11	11	11	12
Sewer Maintenance	-	-	-	-	-
Stormwater	-	-	-	-	-
Other Programs/Functions:					
Consumer Protection	1	1	-	-	-
UNIT	5	4	1	-	-
Engineering	10	11	12	11	11
Library	27	27	28	28	28
Health & Housing	11	11	13	13	13
Social Services	11	11	10	10	10
Airport	5	5	4	4	4
<b>Total</b>	<b>589</b>	<b>559</b>	<b>555</b>	<b>551</b>	<b>549</b>

Source: City Records



Full-Time Equivalent Employees as of June 30				
2003	2002	2001	2000	1999
-	-	-	-	-
6	6	5	4	4
2	2	1	1	2
2	2	2	2	2
18	18	18	18	20
5	5	6	7	8
10	10	10	10	10
11	11	11	11	11
4	5	5	5	5
4	3	3	3	3
8	6	6	6	6
-	-	-	4	3
12	11	10	8	8
10	9	9	8	8
16	16	16	15	16
-	-	-	-	-
4	4	4	4	4
4	4	4	4	4
22	22	21	21	17
-	-	-	-	4
155	159	159	159	159
6	6	6	6	6
109	109	109	109	109
2	2	2	2	2
5	5	5	5	5
7	7	7	7	7
-	-	-	-	-
-	-	-	-	-
25	25	25	25	23
15	15	15	15	15
-	-	-	-	-
3	3	3	3	1
5	5	5	5	5
15	15	14	13	16
12	12	12	12	15
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
12	12	12	12	13
30	30	30	29	28
14	14	14	14	14
10	10	10	10	10
4	4	4	4	4
567	567	563	561	567

# CITY OF DANBURY, CONNECTICUT

## Operating Indicators By Function/Program

Last Ten Fiscal Years

(Unaudited)

Function/Program	Calendar Year				
	1999	2000	2001	2002	2003
Police:					
Calls for service	64,421	78,120	79,147	78,982	81,354
Adult arrest	3,173	2,644	2,470	2,311	2,292
Juvenile arrest	693	643	412	345	375
Traffic citations	5,670	4,863	5,027	2,543	1,771
Fire:					
Total fire runs	1,912	3,143	2,826	2,861	2,851
Total rescue runs	2,797	2,876	3,077	2,742	2,781
Building safety:					
Total building permits**	1,029	2,272	2,755	1,331	1,317
Total value all permits**	\$ 80,308,285	\$ 101,976,231	\$ 103,622,809	\$ 96,171,210	\$ 67,853,574
Library, volumes in collection	95,234	95,234	117,995	117,995	113,483

Source: City Records

\*Through September 30, 2007. Building permits through October 31, 2007.

\*\*Building permits for 2000 and 2001 include electrical and mechanical permits.

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Calendar Year				
2004	2005	2006	2007	2008*
81,374	77,500	60,970	66,418	58,248
2,299	2,133	2,097	1,631	1,389
397	405	426	287	320
2,023	1,687	3,201	6,290	2,725
2,792	2,753	2,111	2,339	1,309
3,068	3,183	2,414	2,730	2,740
1,620	1,622	1,583	1,332	912
\$ 132,045,142	\$ 166,334,991	\$ 155,415,832	\$ 186,779,314	\$ 76,756,396
111,950	112,812	114,415	111,828	120,150

## CITY OF DANBURY, CONNECTICUT

Capital Asset Statistics By Function/Program  
 Last Ten Fiscal Years  
 (Unaudited)

Function/Program	1999	2000	2001	2002
Police:				
Stations	1	1	1	1
Fire, Fire Stations (Career)	4	4	4	4
Fire Stations (Volunteer)	12	12	12	12
Public Works:				
Buildings	4	4	4	4
Streets (Miles)	228	228	235	235
Street Lights	2,806	2,806	2,818	2,818
Parks & Recreation:				
Acreage	1,326	1,326	1,326	1,326
Parks	16	16	15	15
Golf Course	1	1	1	1
Baseball/Softball Diamonds	11	11	11	11
Ice Skating Pond	1	1	1	1
Soccer/Football/Lacrosse Fields	1	1	1	1
Basketball Courts	4	3	3	3
Tennis Courts	10	10	10	10
Spray Park	-	-	-	-
Swimming pools	4	3	3	2
Volleyball Courts	-	-	-	-
Parks with Playground Equipment	5	6	6	5
Picnic Shelters	2	2	2	1
Recreation Building	1	1	1	1
Banquet Hall	1	1	1	1
Band Shell	-	-	-	-
Public Buildings:				
City Buildings	10	10	10	10
Schools	17	17	17	17
Library:				
Facilities	1	1	1	1
Volumes	95,234	95,234	117,995	117,995
Water:*				
Lakes	-	-	-	-
Storage Capacity (MGPD)	2,933	2,933	2,933	2,933
Average Daily Consumption (MGPD)	7.15	7.78	8.24	8.06
Peak Consumption (MGPD)	9.00	9.00	9.60	10.32
Wastewater:				
Sanitary Sewers (miles)	115.50	117.90	119.70	120.30

Source: City Records

Calendar Year					
2003	2004	2005	2006	2007	2008
1	1	1	1	1	1
4	4	4	4	5	5
12	12	12	12	12	12
4	4	4	4	6	6
235	238	238	238	241	241
2,768	2,768	2,768	2,768	2,807	2,868
1,326	1,326	1,326	1,326	1,326	1,381
15	15	15	15	15	15
1	1	1	1	1	1
11	13	14	13	13	17
1	1	1	-	-	-
1	4	4	6	8	11
3	3	3	2	2	4
10	10	10	10	10	16
-	-	-	-	2	2
2	2	-	-	-	-
-	-	-	-	6	6
5	5	4	5	7	8
1	1	1	1	1	1
1	1	-	-	-	-
1	1	1	1	1	1
1	1	1	1	1	1
11	12	12	12	13	14
17	17	17	18	18	18
1	1	1	1	1	1
113,483	111,950	112,812	114,415	111,828	120,150
-	-	-	-	-	-
2,933	2,933	2,933	2,933	2,933	2,705
7.61	7.52	7.48	7.40	7.20	6.55
9,378.00	9.57	9.71	9.70	9.50	8.70
123.00	124.00	128.80	132.30	140.00	133.95

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